

# The Landing

## at Parkway Center

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By

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Science in Real Estate

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## Section 1: Executive Summary

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### 1.1 Introduction

The project proposed is a Transit Oriented Development (TOD) mixed use project with multifamily, hotel, and office component located in Prince William County just off Interstate 95, approximately 23 miles south of Washington D.C. The site is directly adjacent to the Horner Road Commuter Lot in Prince William County, the largest commuter lot in the county with some of the most effective transportation options for area commuters. The Horner Road lot, with over 2300+ car capacity and still expanding, has direct access to the current I-95 HOV lanes and the future I-95 HOT lanes. It also has direct connections to the Springfield Metro station or to the District of Columbia/Arlington via PRTC Transit or the popular “Slugging” network used by hundreds of riders each day.

The site selected is an assemblage of 9 parcels totaling 24.2 acres and is primarily vacant land at the moment. It is part of a Region Employment Center designated sector plan for the county which seeks to create office and research jobs for the county and increase the employment base. The plan heavily promotes the development of class A office, research and development space, and a high-quality hotel and convention center and discourages stand-alone retail and residential. In determining the use for the land, the REC master plan was an important factor, as it clearly indicates the uses desired but is not reflective of the current market.

For establishing a highest and best use for the site, this report uses the definition as described by Stephen Fanning as “the reasonably probably and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and results in the highest value.”<sup>1</sup> As such, the four tests that must be applied to determine the highest and best use are:

1. Legally Permissible (Reasonably probably)
2. Physically possible
3. Financially Feasible
4. Maximally Productive

The site was examined for each and the findings are detailed below.

### 1.2 Highest and Best Use

#### *A. Legally Permissible*

The analysis of the reasonably probable legal use of this site was fairly straight forward for the site. It is currently zoned as mainly agricultural, but is part of a sector plan which clearly

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<sup>1</sup> *Market Analysis for Real Estate*, Stephen F. Fanning, p. 378

indicates it is to be rezoned. The sector plan specifically singles out a high-quality hotel and convention use for the site area, therefore hotel is the most obvious and probably use. The REC designation also heavily encourages class A office and would be the next most likely use. Both residential and retail are allowed in the REC, but both are limited and each of the maximums have already been reached by prior developments. This REC though is intended to be implemented by PMD, Planned Mixed District, and no one use occupying the entire lot is likely.

### *B. Physically Possible*

The site is located next to a major retail area and several major roads. There are some slopes on the site that would need to be graded, but nothing has yet indicated any use would be prohibited based on physical site characteristics.

### *C. Financially Feasible*

What is financially feasible must be determined by the market. For office, one could feasibly build up to 400,000 sf at near maximum FAR and land coverage ratios. However, a quick check of numbers shows that office alone is not feasible at this time. The average rental rate for office in the market is around \$26/ft NNN, and the existing vacancy rate is 13%. However, the historical vacancy rate is over 25%, particularly after any new supply came online, and only the lack of new supply since 2008 has pushed the rate to where it is now. The demand calculations from the market analysis only project around 150k in new demand over the next 5 years, yet over 1 million sf of office is already proposed and 200,000 is will potentially begin construction soon. So any office product delivered within the next 5 years will have tough competition, and capping the stabilized NOI at a reasonable rate doesn't even cover construction costs.

Total Office Space	400,000	SF		Construction Cost	
PGI	10,400,000		Land	13,000,000	
Vacancy	(2,600,000)	25%	Building Cost	60,000,000	\$150/ft
EGI	7,800,000		TI Cost	20,000,000	\$50/Ft
Mgmt Fee	(312,000)	4%	Site Work	7,260,000	\$300k/Acre
NOI	7,488,000		Total Cost	100,260,000	
Value	88,094,118		Ave Rental Rate	\$ 26.00	
			Cap Rate	8.50%	

For a retail development on the site, you could estimate building a total of 350k sf near the max FAR of .40 and lot coverage of 85%. At current rental rates provided by Kimco and Costar this would create significant value when capping the first year NOI.

Total Retail Space	350,000	SF		Construction Cost	
PGI	10,500,000		Land	13,000,000	
Vacancy	(1,050,000)	10%	Building Cost	50,750,000.00	\$145/ft
EGI	9,450,000		TI Cost	8,750,000	\$25/Ft
OPEX	(1,750,000)	5/Ft	Site Work	7,260,000	\$300k/Acre
Mgmt Fee	(378,000)	3%	Total Cost	79,760,000	
NOI	7,322,000				
			Ave Rental Rate	\$ 30.00	
Value	86,141,176		Cap Rate	8.50%	

For a multifamily development, developing the entire parcel would not be possible as the REC specifically limits residential uses to 20%. To increase that, rezoning to a PMD can increase the allowable residential use to 35% of gross land area. In doing so, one could build up to 255 units under the max R-30 (16-30 units per acre) zoning as shown and also create significant value on only a portion of the site. Figures drawn from residential proforma in appendix.

Total Multifamily Space	255	Units		Construction Cost	
PGI	6,906,342		Land	4,550,000	35%
Vacancy	(338,701)	5%	Building Cost	44,213,142.00	
EGI	6,567,641		Site Work	2,547,000	\$300k/Acre
OPEX	(2,786,723)	.80/ft	Total Cost	51,310,142	
NOI	3,780,918				
Value	58,167,969		Ave Rental Rate	\$ 1.94	
			Cap Rate	6.50%	

Likewise, the site is far too large for a single hotel like the others in the market area, but theoretically you could build several hotels or one large hotel of potentially up to 600 keys. Regardless though, hotel by itself is not feasible in the current market as the ADR and occupancy are too low to carry the entire site and site work costs, even at an aggressive cap rate.

Total Hotel	600	Keys		Construction Cost	
Total Revenue	8,985,714		Land	13,000,000	
Occupancy	(2,378,571)	64%	Building Cost	64,227,000	
EGI	6,607,143		Site Work	7,260,000	\$300k/Acre
OPEX	(4,228,571)		Total Cost	84,487,000	
NOI	2,378,571				
Value	36,593,407		ADR	\$ 125.00	
			Cap Rate	6.50%	

#### *D. Maximally Productive*

So it stands that retail and residential uses would appear the best uses financially if doing individually, but not necessarily the most likely or permissible. To finish the analysis it is important to evaluate the productiveness of the uses.

For retail, there is already over 2 million sf and more being developed within a 3 mile radius of the site. While this would seem to help the case for retail on the site, it is precisely the reason the County does not want additional retail there. Also there is a potential problem with the access of the site for retail tenants. While the visibility from the main highway is great, Prince William Parkway, there will be no access directly to the retail from there as additional curb cuts in that area will not be allowed. Instead, customers will have to go around to the far side on the road behind the development just to get to the retail, which most retailers would not be satisfied with. In addition the site is on the outer edge of the Potomac Mills area, and there is a defining boundary (the Caton Hill Road bridge) that separates all of the retail from the I95 interchange as you can see on some of the photos in the site analysis. The site is on the wrong side of the bridge and the retail will not get the drive by traffic that the rest of the retail along the Parkway does.

For multifamily, not only is it financially feasible due to the hot rental market, the site can provide residents with car-less transportation options to anywhere in the District that is Metro accessible via PRTC transit and the Horner Road Commuter lot directly adjacent. This allows for new high-quality housing units in the area while minimizing traffic impacts on the major roads nearby. The transportation benefits, however, are not limited to commuters traveling into the District area. The site is also located within walking distance to major retailers such as Target, Bed Bath & Beyond, Wendy's, Red Lobster, Famous Dave's, and more as well as a short drive to the Potomac Mills Shopping Center and other surrounding retail. Therefore it is proposed to create a walkable community and improve pedestrian connections to the surrounding retail to decrease automobile use in the community as well.

What the site lacks in retail appeal is actually a strength for a hotel use. The site is the first area people see when exiting I95 and highly visible from the interstate. The hotel does not need to be directly surrounded by other retail to help generate demand, on the contrary most customers view a quieter area as a bonus. With the superb visibility of the site, a hotel also does not need the direct access that retail would want, as demonstrated by the 3 Marriott hotels on the opposite side of the Parkway, directly across from the proposed site. Building a hotel with significant meeting space would almost guarantee favorable treatment with the County as it is direct goal in the sector plan for that site.

The benefits of office would mirror those of the hotel. It's the County's strong desire to establish more employment centers in this area, and the visibility of this site is second to none for office sites within the submarket. The strong location and high visibility will increase the potential of attracting a large credit tenant, such as one related to BRAC, which would allow the



office actually get built in less time.

### **1.3 Summary**

Based on the use analysis and the current market conditions, it is the conclusion of this report that the highest and best use of the site is mixed use project consisting of multi-family, hotel, and class A office. Some complimentary retail uses will be present within the hotel and potentially in the future office component.

Due to the market conditions, the first phase of the project should be the multi-family units, even though the County sector plan would prefer the commercial uses be built first. This will be accomplished by submitting a rezoning for the site to a PMD, and then designating the land bays internally with Urban high residential, and Office High rise zoning for both the office and hotel. Phase 2 will be the hotel development, and phase 3 will be the office. Currently improving market conditions in the hospitality industry indicate that phase 2 can be developed concurrently with the residential. This will save some costs in site work and smooth the process of getting a large multifamily complex approved by the county.

### **1.4 Credits**

This report was made possible in part by the many industry professionals that consulted with me on various pieces. In particular I would like to thank  
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## Section 2: Development Program

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### 2.1 Project

The proposed project seeks to create a high-quality mixed use development on a well located site in Prince William County that not only maximizes the value of the site but also seeks to accomplish a number of goals both for the County and developer:

- Add high-quality housing options to area residents in a market largely underserved for this product type while minimizing the traffic impacts of new development and potentially improving the current traffic conditions,
- Provide ultra-convenient housing and commuting options to residents that is normally not possible on a site without a direct connection to Metro or other rail providers in the metro D.C. area,
- Meet the long range goal of the County by providing a high-quality hotel and meeting facility within the Parkway Employment Center sector plan in the location specified on the master plan,
- Provide high-quality Class A office space to a market largely comprised of commuters traveling to work outside of the area; increasing the County's employment base as well as potentially serving as a catalyst for other office development in the area as envisioned by the County master plan
- Capitalize on thousands of new residents, employees, and business opportunities in the I95 corridor as a result of the Base Realignment and Closure Act (BRAC) and the site strategic location between the two major military installations in the area, Fort Belvoir and Quantico Marine Corps Base

As such, The Landing at Park Center is designed as a mixed-use, multi-purpose development across approximately 24.5 acres of mostly undeveloped, wooded area.

#### *Phase 1 - Residential*

The 1<sup>st</sup> phase of the project will be the residential component consisting of 255 luxury apartment units at market rate built in 5 story wood-frame buildings with elevators in a garden style arrangement with clubhouse totaling 333,150 GSF and 270,938 RSF. The development will consist of 5 residential buildings of an approximate 12,750 GSF per floor and 63,750 per building. The efficiency ratio assumed for the project is 85%, resulting in approximately 10,838 Net RSF per floor and 54,188 RSF per building. The apartments will be constructed in a land bay of 8.49 acres in the proposed PMD zoning for the site. The land bay designation to be proffered is R-30, which allows a maximum of 30 units/acre and up to 35% of the PMD gross land area can be for residential.

The proffered building types will be Mid-rise with heights of 50 ft plus roof and will have one

elevator and two emergency stair cases each. The maximum lot coverage for this category is 75%, however, the project will only cover 68% and offer an additional 7% of open space above the requirement.

The parking ratio for the units is 1.55 with a total of 395 spaces, including 10 handicapped spaces, 10 compact car spaces, and 5 spaces equipped with electric car charging stations. The total number of spaces includes a proffered 8% reduction in total required spaces for the transportation options available at the site and the trails and sidewalks to be constructed linking the development to the Horner Road lot. While total spaces proffered now are expected to be sufficient, future development of the adjacent office component will provide overflow capacity during non-work hours should the ratio prove to not be sufficient.

A unique feature to the project is the inclusion of 82 single car garages across the 5 buildings. While this feature exists in one other project in the market area, it is not normally a component most suburban multifamily projects. Most projects can't include such a feature in their buildings as it uses valuable space that could be rented at much higher apartment rates. The dynamics of The Landing, however, allow for them without sacrificing residential revenue as the configuration of the project has already maximized the allowable residential units at 255 with the average unit right-sized for the market. The garages will be located on the 1<sup>st</sup> floor of each building comprising an entire side, allowing direct covered access to the building for each garage unit. Each unit will be leased at a starting average of \$150/m and the market research suggest the garages will be in high demand and will remain 100% rented, generating over \$12k per month in real additional income. They are also an exceptional amenity to residents which we believe help generate demand for the apartment units and help give The Landing an edge over the competition.

The average unit size is 956 sf. with units ranging from 650 – 1295 total sf. The table below is a summary of the unit mix planned and expected rental rates based on market research. The average rents are higher than majority of units in the area but comparable with the other active luxury complex. We believe these rates will largely even with new competition coming online before this project is delivered due to the amenities, locations, transportation options provided by the Landing.

Figure 2.1.1 – Residential Unit Mix

Unit Type	# Units	Avg. SF/ Unit	% of Unit Mix	Avg. Rent/Unit per Month	Avg. Rent/RSF per Month
1BR/1BA	35	650	13.7%	\$1,450	\$2.23
1BR/1BA	25	695	9.8%	\$1,550	\$2.23
1BR/1.5BA	30	775	11.8%	\$1,675	\$2.16
1BR/1BA/Den	30	890	11.8%	\$1,750	\$1.97
2BR/2BA	45	995	17.6%	\$1,800	\$1.81
2BR/2BA	35	1,150	13.7%	\$2,000	\$1.74
2BR/2BA	30	1,200	11.8%	\$2,050	\$1.71
2BR/2BA/Den	25	1,295	9.8%	\$2,200	\$1.70
<b>Total/Average:</b>	<b>255</b>	<b>956</b>	<b>100.0%</b>	<b>\$1,809.38</b>	<b>\$1.94</b>

The complex will also include a 14,400 GSF 2-story clubhouse anchoring an amenity package that will be one of the best in the market. Below is a list of the amenities that will available to residents, although not every unit will have everything listed:

Figure 2.1.2 – Residential Amenities

#### Apartment Amenities

Expansive 9-foot ceilings  
 Washer and dryer in every home  
 Private balcony or terrace  
 Gas fireplaces  
 Open Floor Plans  
 Energy-efficient stainless steel appliances  
 Preparation islands  
 Stunning granite counter-tops  
 Stainless steel sink with designer faucet  
 Custom 42" Cabinetry  
 Built-in custom bookcases and Desks  
 Computer niche  
 Gas ranges  
 Oversized walk-in closets  
 Prewired for high-speed Internet and cable TV  
 Crown molding  
 Energy-efficient insulated double paned windows  
 Dual-sink vanities  
 Ceramic flooring  
 Convenient automatic ice maker  
 Efficient linen closet

#### Community Amenities

Private garages  
 Shimmering swimming pool  
 State-of-the-art athletic center  
 Raquett Ball Court  
 Business center/Conference Room  
 Lighted basketball court  
 Relaxing gazebo gardens  
 Barbecue area with gas grills  
 Architecturally-designed gathering room  
 Playground  
 Additional storage  
 Handicap accessible  
 Wi-Fi available throughout clubhouse  
 Hot tub  
 Dog Park  
 Walking Trails  
 Direct Access to PWTC Transit  
 Pool/Game Tables  
 Extensive Green Open Space  
 Electric Car Charging Stations

- Glass shower enclosures
- Oversized soaking tubs
- Pre-wired for intrusion alarm
- Ventilated closet shelving
- Vaulted ceilings
- Oversized Windows with Premium Blinds

We expect the strong amenity package to not only draw renters in but increase retention rates driving down turnover costs long-term. In addition, all residences will have direct access to the adjacent Horner Road commuter lot where there is numerous transportation options direct to Washington DC, surrounding areas, and the Springfield Metro station. Whether driving or riding into the city, residents will have some of the most convenient transportation options in the area.

The projected total cost of the residential is \$61.1 million and is projected to generate a 5.75% Cash-on-Cash return in its first stabilized year and an IRR of 17% over 10 years. This includes an 85% allocation of land cost totaling \$11 million, as phase 3, the office component will not be developed concurrently with the residential and the hotel cannot sustain more than a \$2 million allocation in its proforma. Some additional site cost and a majority of all the road improvements are also included in the residential costs figures.

#### *Phase 2 - Hotel*

The hotel component, and land bay 2, will be developed as a 7 story, 196 key, 138,000 sf. upper mid-scale hotel with food and beverage. The land bay location will be on the southeastern side of the site directly parallel to the Prince William Parkway. From here the hotels proffered height of 85 ft. will be highly visible both from I95 and the Prince William Parkway, and even with a slight elevation disadvantage to the other hotels across the parkway, it will be the tallest structure in the area.

The hotel will include 15-20,000 sf. of meeting space depending on the final design and up to 7,500 sf. of restaurant/ lounge space to deliver on the County's goal of obtaining a high-quality hotel/convention site in the area and fill a void in the area for good event space. This will also create additional demand for the hotel as it will be the only hotel south of the beltway excluding National Harbor with facilities such as this.

The hotel will also contain an indoor pool, state-of-the-art health center, business center, and all other amenities expected of that service level hotel. The layout of the hotel will consist of a 40,000 sf. ground level floor with ceiling height of 15 – 20 ft. and 7 tower stories at 14,000 GSF each and 10 ft. high. The proposed land bay will be approximately 3 acres resulting in a FAR of 1.05, well below the max Office (H) zoning limit of 1.25. While there is plenty of additional space available on the site should a lower FAR be required, the goal of phase 2 is to maximize the open space on the site and leave as much room as possible for the future office

development. A minimal reduction in FAR would not significantly impact the hotel performance but is not expected. The average room size gross is 500 sf. and net 425 sf.

Due to the improving economics of the national and local hospitality industry, it is proposed to move forward with the phase 2 hotel concurrently with Phase 1. The market will continue to be evaluated through zoning and site-plan approval to make a final go or no-go decision at that time. The hotel will follow the same schedule as the residential development, but with an extra 5 months in the construction period.

The total projected cost of phase 2 is \$27.8 million, resulting in \$142k per room. The projected returns are an unlevered IRR of 11.37% and levered IRR of 17.6%. These assume 65% LTC during the construction period and a 70% LTV during the operation period. These returns could change if additional costs are required by the County or if interest rates go up between now and construction beginning, but without a major market change or correction phase 2 should be completed on schedule.

### *Phase 3 - Office*

The final phase of the development will be zoned for up to 200,000 s f. of Class A office, but it is not planned to move past zoning approval with this phase due to the market conditions. The proposal will include flexibility on how to later build the space, whether a single building for the entire space or smaller buildings to better meet demand. A single 8-9 building would have a tremendous presence along the I95 corridor which no other proposed office site has south of Ft. Belvoir. The direct visibility from both directions of I95 and the interchange of Prince William Parkway, and proximity to the two major military bases make it a strong candidate to attract a large government related tenant. However, unless such a deal is completed on a pre-lease basis and new construction at this time will have a vacancy rate over 50% for an extended period of time.

As of 2010, 197,000 cars passed the Prince William Parkway exits and all visitors to the Potomac Mills Shopping Center exiting at the Parkway must pass directly in front of the building, so the potential exposure allure for a credit is the best in the market. The building will be constructed with steel and have primarily a glass façade on the exterior. Due to the Parkway Employment Center Sector Plan's encouragement of Class A office in this area, density can be increased even above the 1.25 FAR of the high rise office zoning category if necessary thus reducing the lot size needed and creating more open space within the development. It should also help avoid needing structured parking saving the project a significant amount.

The total projected cost of phase 3 is projected to be between \$50-55 million, which will exclude any land cost allocation as it was already included in the first two phases.

## **2.2 Development Team**

The following details the development team and selected contractors as well as a brief background.

**Sponsor** – Park Center, LLC

Newly formed LLC with David Phillips as a Managing Member and multiple limited partner investors TBD.

**Development Manager** – David Phillips

**Development Consultant** – Coleman Rector

Coleman has a broad experience in all facets of commercial and industrial real estate with over 21 years of experience as a Developer and General Contractor. He is an expert in the development process from beginning to end with a deep understanding of finance, construction costs, the entitlement process, sales/leasing and property management. He has developed and constructed millions of square feet of commercial and industrial properties in the Northern Virginia and Mid-Atlantic regions.

Having grown up and spent his career in Prince William County and Northern Virginia, Coleman knows the real estate market and its players well. Local and outside investors alike often turn to Coleman for advice and knowledge on the local real estate market.



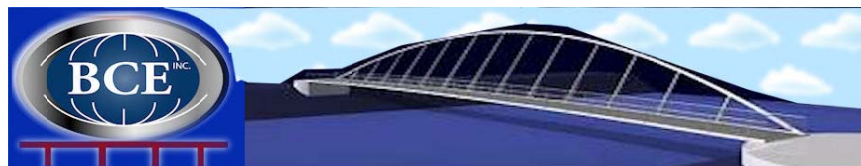
**Site Work** – William A. Hazel, Inc.

William A. Hazel, Inc. is a total site development contractor headquartered in Chantilly Virginia. For over 45 years, we have been engaged in all aspects of site development and road construction throughout the Northern Virginia area.



**Engineers** – BOTA Consulting Engineers, Inc.

BCE is an established, knowledge-driven consulting and engineering firm that specializes in Geotechnical,



Environmental, Construction Management and Construction Materials Testing & Inspection. BCE was incorporated in Maryland on August, 2004. The main office is located in the city of

Lanham in Maryland. Although BCE was incorporated or founded in 2004, BCE's professional staff (Principals, Sr. Project Engineers/ Managers, Engineers and Engineering Technicians) have over 18 years of professional experience in diverse engineering firms within the Washington Metropolitan Area. Our personnel have broad-based and specialized skills.

**Architect – WDG**

Founded in 1938, WDG provides architectural, planning and interior design services to clients nationally from its offices in Washington, DC, and Dallas, TX. WDG is recognized for design excellence and has been the recipient of numerous design awards. Under the directions of its nine principals, WDG's practice areas include commercial, corporate, hospitality, multifamily residential, retail, educational and institutional design.



**General Contractor – Clark Construction**

Clark Construction Group, LLC has steadily grown from a small excavating company begun in 1906 into one of the nation's most experienced and respected providers of construction services. We oversee projects ranging from small interior renovations to some of the most recognizable architectural landmarks throughout the country.



**Residential Contractor & Manager – Bozzuto Group**

A privately held, integrated real estate services organization. Together we create quality homes and extraordinary communities—some 35,000 residences to date—while maintaining the utmost respect for the environment. We pride ourselves on providing outstanding service and consistent value for customers and partners.



**Legal – Bingham McCutchen**

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**Financing – Wells Fargo**





## Section 3: Site Analysis

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### 3.1 Summary

The proposed site is currently 9 different parcels with a mix of zoning categories as Agricultural, Business, and Industrial totaling approximately 24.2552 acre (1,056,557 sq ft). The entire site has been designated a Regional Employment Center (REC) by the Prince William County master plan, and is subject to a special sector plan called the Parkway Employment Center (PEC). The proposed site is only a small portion of developable land within the PEC, which at build-out is expected to contain up to 3,450,000 of non-residential building area, of which 900,000 can be retail, and up to 325 dwellings according to the PEC sector plan.

The PEC sector plan is heavily focused on non-residential uses, and the specific long range planning calls for Class A office or hotel space on the site; however, it will be demonstrated in this report that Class A office alone is not the highest and best use of the proposed site based on the current and expected future market conditions.

Some land assemblage will be necessary as only 7 of the parcels are currently for sale; however, 6 can be immediately purchased entirely and comprise the bulk of the development. The 7<sup>th</sup> parcel is approximately 1.26 acres on the northern edge of the proposed site next to Telegraph road that is part of a much larger 30+ acre parcel (13405 Telegraph Road) that is split into by the Horner Road lot. The 1.26 acres is completely isolated from the remaining area of the larger parcel and relatively useless to that parcel for any practical purpose; therefore, it is proposed to negotiate the purchase of the 1.26 acres for the current development.

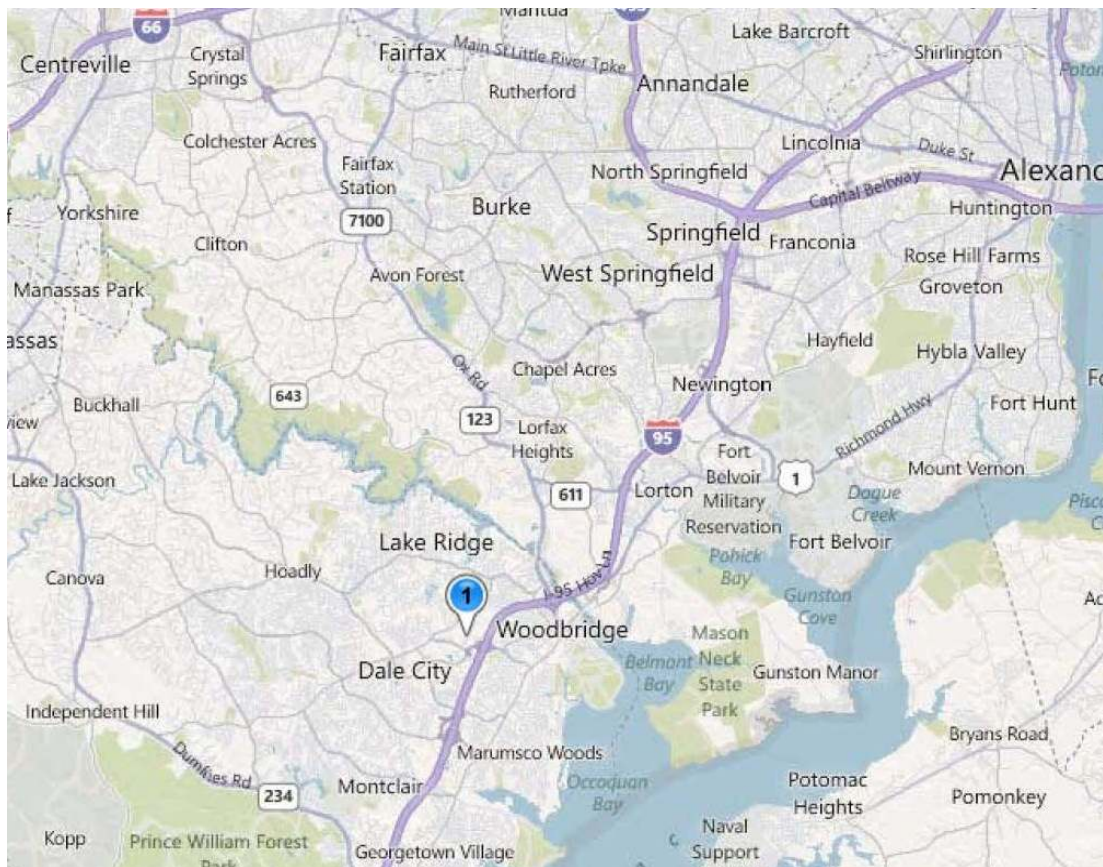
The 8<sup>th</sup> and 9<sup>th</sup> parcels are currently in use as single family residences, but only a small portion across Old Horner Road is needed from one lot and the other currently has a small trailer on it and no permanent structure. In the event negotiations fail in the purchase of parcels 7, 8, 9, or all three, however, the overall project should not be materially compromised as they represent less than 10% of the total land area.

### 3.2 Location

The planned development site is located in Prince William County approximately 23 miles south of Washington D.C. along Interstate 95 and adjacent to the Prince William Parkway (Rt. 3000), Caton Hill Road, Telegraph Road, and the Horner Road Commuter Lot. It is highly visible from Interstate 95 north- and southbound and has excellent access to the main-line lanes, H.O.V lanes, and future H.O.T lanes. The Horner road commuter lot bordering the northeast side is the largest commuter lot in the county with over 2300 hundred spaces (currently being expanded another 600 spaces adjacent to Telegraph road) and also offers multiple direct connection to Washington DC, Arlington, the Pentagon, and the Springfield Metro station via OmniRide and Metro Direct bus services.

The site less than a mile from the 1.6+ M SF Potomac Mills Shopping Center (one of the largest outlet malls in the country<sup>2</sup> and attracting over 14 million visitors per year<sup>3</sup>) and is within walking distance to other high-quality retailers including Target, Bed Bath & Beyond and Office Depot as well as a variety of restaurants including Chick-fil-a, Famous Dave's BBQ, Red Lobster, Wendy's, Chipotle, Starbucks, and ColdStone Creamery. Overall there is over 2M SF of retail in the immediate area and the site has over 1000 ft. of frontage on the primary thoroughfare (Prince William Parkway) and the last remaining undeveloped frontage between I-95 and the existing retail.

Figure 3.2.1 – Area Location Map



<sup>2</sup> <http://www.simon.com/mall/TravelAndTourism.aspx?id=1260>

<sup>3</sup> Parkway Employment Center Sector Plan, p. 1,

[http://eservice.pwcgov.org/planning/documents/25\\_Parkway%20Employment%20Center.pdf](http://eservice.pwcgov.org/planning/documents/25_Parkway%20Employment%20Center.pdf)

Figure 3.2.2 – Site Location Map



### 3.3 Zoning

As stated above the proposed site is an assemblage of 9 parcels with various zoning. Below is a table summary of the parcels and their current zoning.

Figure 3.3.1 – Zoning/Parcel Summary

Parcel ID	Parcel Address	Status	Acreage	Sq.Ft.	Zoning
8292-94-4806	2260 Caton Hill Rd	On Market	1.4288	62,239	A-1
8292-94-5418	2360 Prince William Pkw	On Market	0.7634	33,254	A-1
8292-94-6125	2261 Old Horner Rd	On Market	0.6176	26,903	A-1
8292-94-6936	2254 Old Horner Rd	On Market	0.2856	12,441	A-1
8292-94-6092	13505 Telegraph Rd	On Market	18.132	789,830	A-1
8292-94-0070	2320 Old Horner Rd	On Market	0.8655	37,701	B-1
8392-06-6719	13405 Telegraph Rd	On Market*	1.2492	54,415	M-1
8292-94-1967	2317 Old Horner Rd	Off Market*	0.0731	3,184	A-1
8292-94-4740	2285 Old Horner Rd	Off Market	0.84	36,590	A-1
* Split Parcel			24.2552	1,056,557	

Re-zoning will be required for all parcels and the proposed zoning to be sought is a Planned Mixed District (PMD). A PMD is the preferred zoning designation intended to implement a Region Employment Center land classification according to Prince William County Master Plan and Code section 32-404.01 and is in-line with the PEC Sector Plan goals.



Within the proposed PMD land bays are proposed to be designated as urban density residential (UDR), which allows residential units of 16-30 dwellings per acre, Office High Rise( O(H)) which allows maximum FAR for the hotel portion and office portions. PMD limits the amount of residential development to a maximum of 35% of the gross land area, which translates to roughly 8.49 acres or 369,795 sq. ft. O(H) zoning allows for a maximum FAR of 1.25, but can be potentially increased up to 25% in accordance with the Park Employment Center Sector Plan if needed.

Figure 3.3.2 – Current Zoning Map



### 3.4 Land Use

The existing land use of 7 of 9 parcels is currently vacant land. On the additional 2 parcels highlighted in green on the above zoning and use maps, one is current in use as a single family residence with a permanent structure and the other has a small mobile trailer on it along with number debris.

Below is the existing long range land use plan map. The portion designated ER (Environment Resource) is not intended to be developed for commercial or residential land use purposes.

Figure 3.4 – Current Land Use Map



The Parkway Employment Center (PEC) Sector Plan has designated the site as part of a Regional Employment Center (REC) and specifically calls for “large-scale non-retail employment uses such as office, lodging, and mixed-use developments”<sup>4</sup>. The PEC Sector Plans also states, “Encourage the development of a high-quality hotel/conference center and Class A office uses in combination with commuter parking structures along Prince William Parkway near the I-95 interchange and along Caton Hill Road.”<sup>5</sup>

While the proposed plan intends to build Class A office and hotel in accordance with the master plan, market conditions dictate that Class A office is not advisable at this time and that a hotel use alone would not be financially feasible due to the extra land cost. As such, several variances from the existing master and sector land use plan will need to be proffered when submitting for rezoning in order to build a large enough residential component to support the development of the site:

- The PEC Sector plan states that phasing should be encouraged to ensure that a minimum of 775,000 sf. of employment uses (office/research and development) should be built in the REC prior to development of any additional residential or retail uses. Given current and expected market conditions and location of the REC, the analysis in this report indicates the feasibility of achieving such a level extremely unrealistic in both short- and medium-term timeframes.
- The REC designation in the PWC Comprehensive plan limits residential use to 25% of the total REC gross floor area of the project. Although the proposed project will include hotel and office uses, the total residential use will be greater than the comprehensive plan guidelines. However, the PMD zoning classification allows for a maximum 35% gross land area to be residential and the site plan will be proposed to that restriction.
- The PEC Sector plan designates the proposed site as all Class A Office/Hotel/Convention Center land use. While the proposed PMD zoning district and subsequent O(H) Office High Rise zoning is in accordance with the sector plan, UDR residential zoning is not a proposed or recommended use on the proposed site.

If granted the required Planned Mixed Development rezoning, in accordance with PWC Code section 32-280, land bay designations will be submitted for urban density residential (UDR) and office high rise O(H) which will accommodate by right the proposed land uses. No special exception is expected to be needed when re-zoning is complete.

### **3.5 Neighboring Uses**

The current use on the north side of the site is the Horner Road commuter lot and an integral part of the marketing for the residential component. To the west is a few single family homes,

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<sup>4</sup> Parkway Employment Center Sector Plan, p. 1

<sup>5</sup> Parkway Employment Center Sector Plan, p. 8

vacant land, and currently under construction a 600+ space expansion to the Horner Road Lot. You can see both parking areas designated in gray on the land use map, figure 3.4.1. To the south and east is the beginning of the major retail area around Potomac Mills Shopping Center, with the Prince William Parkway bordering the longest edge on the site. Directly adjacent to the east across the Parkway are 3 Marriot hotels and directly adjacent to the south across Caton Hill Road is Target, Value City Furniture, Wendy's, Famous Dave's, and Red Lobster.

Old Horner Road also creates the southern border of a portion of the site, and the current adjacent uses along there are a single family residence and a telecommunications tower. The telecommunications site will shield the single family home from much of the development as will a buffer of trees to be left along Old Horner Road.

### **3.6 Utilities**

All public utilities are accessible to this site. Water main and sewer lines are present just to the southwestern edge of the property where Old Horner Road and Telegraph Road meet, and will need to be extended across Telegraph Road into the site as part of the site work.

### **3.7 Topography**

The site has an approximate 45 foot elevation differential from its highest point near Telegraph and Old Horner Road, to its lowest point in the rectangle area next to the entrance of the Horner Road lot. Overall the grade of the site is mostly gentle, with the steepest portion in the northern half of the site. As such the main storm water management facility will be located at the lowest point in the site and will take advantage of the natural slope across the site. Some significant grading is expected to be necessary, but no additional soil or extensive soil removal is projected.

As an advantage, the portion of the site near the Prince William Parkway is slightly elevated which will give greater visibility for the office and hotel sites and hide the residential sites.



Figure 3.7 – Topography Map and Spot Elevation



### 3.8 Amenities

The main draw of this site is the access and proximity to retail. Within a mile there is over 2 million sq. ft. of retail space including Potomac Mills, Ikea, Costco, Best Buy, and most every major retailer most centered around the Prince William Parkway. Within walking distance is Target, Wendy's, Chick-fil-A, Famous Dave's, Red Lobster among others. It also has easy access to and from I95 and the main entrance off of Telegraph road will allow customers and residents to avoid the often congested Prince William Parkway.

It will also have bus access to the Metro and other locations in the District via the Horner road lot adjacent to the site. This will allow residents and customers direct access to D.C. and surrounding areas without several bus transfers or driving on I95.



### **3.9 Health Services**

Sentara Potomac Hospital, a 183-bed, not-for-profit community hospital, is only 2 miles from the site and offers a wide range of medical specialties, a highly qualified medical and clinical staff, and state-of-the-art technology. Sentara Potomac Hospital is accredited by The Joint Commission.

A new location of this also just opened within 2 miles of the site in the opposite direction up Telegraph road from the site. Sentara Lake Ridge is a state-of-the-art medical campus that offers patients easy access to 24-hour emergency care, board-certified physicians and diagnostic testing including advanced imaging and laboratory services, all powered by Sentara eCare®, the Sentara electronic medical record system.

### **3.10 Parks & Recreation**

Prince William County manages nearly 4,000 acres park land, offering tremendous options in outdoor recreation. Within 5 miles of the site there are over 15 parks and recreation facilities, including the home of the Potomac Nationals baseball team.

### **3.11 Education**

Prince William County Schools are consistently ranked as some of the best in the nation and its programs, administration, staff, and students are often cited as positive models by regional, state, and national organizations. This year, “Newsweek” ranked all 10 Prince William County high schools among the top 6 percent of schools in the United States. The site is serviced by Woodbridge High School, Woodbridge Middle School, and Rockledge Elementary School.

In higher education, Strayer University has a campus less than 1 mile from the site, and Northern Virginia Community College is within 5 miles.

### **3.12 Access**

The primary point of ingress and egress for the site will be located on Telegraph Road near the existing intersection of Old Horner. Cars can easily access the site off of the Prince William Parkway by taking the exit for Caton Hill Road and making the an immediate right on to Telegraph, where the entrance to the site is within a thousand yards. Old Horner Road, or a portion at least, will be expanded into a 4 land divided access street into and out of the site.

Telegraph road is designated by the comprehensive plan to be expanded to six lane connector road which will impact the final location of the main entrance and will be determined in the final traffic impact analysis.

An additional egress point will be constructed for the residential portion further down on

Telegraph road near close to the Horner Road lot entrance to provide an alternative exit point for residents near the back portion of the site, and an emergency exit point for the entire site if needed. During phase 3 an additional ingress/egress point will be evaluated on the opposite side of the site. Curb cuts on the major thru-ways like the Prince William Parkway are not allowed and it is doubtful and proposal as such would be approved. Instead, a proposed access point connected to the Horner Road Lot access road will be proposed for phase 3.

### **3.13 Existing Site Photos**

*Views of sites northern edge adjacent to the Horner Road Commuter lot.*









*View from western side adjacent to Telegraph Road facing south*



*Views of existing Old Horner Road intersection with Telegraph road and southwest corner of site*







*Existing access provided by Old Horner Road*





*Existing Resident lot to be purchased*







*Existing telecommunications tower adjacent to site*

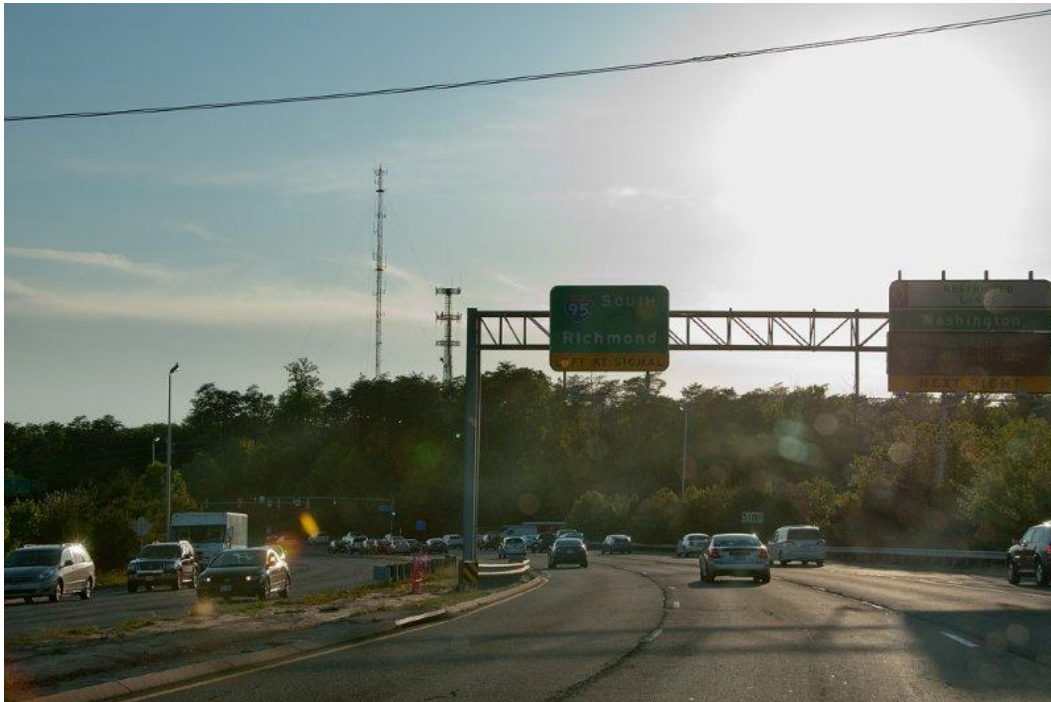




*View of ongoing construction of the Horner Road expansion lot adjacent to site across Telegraph Road*



*Views from Prince William Parkway*





*View from the Caton Hill Road Bridge*





*View from across the PWC Parkway from competing hotel sites*





*View from Horner Road Commuter Lot access road*



## Section 4: Market Analysis

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### 4.1 Summary

The site is located near the northern edge of Prince William County along the major north/south route on the east coast, Interstate 95, and approximately 23 miles south/southwest of Washington D.C. and 2 miles southwest of Fairfax County. It is an incredible location for a number of uses and has excellent visibility from both north and south Interstate 95, on which nearly 200,000 cars per day travel past the site. It is also less than a mile from the Potomac Mills shopping center, one of the largest retail centers in the country which attracts over 13 million visitors per year, and all visitors to the mall from I95 must travel directly past the site.

As of the 2010 Census Prince William County was the 3<sup>rd</sup> largest (by population) county in Virginia and the 5<sup>th</sup> largest within 50 miles Washington D.C. with approximately 462,000 residents including internal cities and incorporated towns; and Fairfax County was the largest in VA and the region with over 1 million people. The area surrounding the site is highly educated and has experienced substantial growth in the last 10 years, with Prince William County growing 43.2% as a whole according to the Metropolitan Washington Council of Governments.<sup>6</sup> Interstate 95, US Route 1, Prince William County Transit, as well as a Virginia Railway Express (VRE) line connects the area to metro Washington D.C. and surrounding area.

It is also strategically located with 7 miles to two major military bases, Quantico Marine Corps Base and Fort Belvoir Army Base, which continue to fuel growth to the area due to the Base Realignment and Closure Act (BRAC) relocating over 23,000 workers between the two bases.

### 4.2 Trade Area

The trade area for the site is slightly different for each of the proposed uses, but overall can be defined as the Woodbridge/I95 corridor (as defined by CoStar) and a small portion of southern Fairfax County.

The office space will compete for tenants vying to be close to Fort Belvoir and/or Quantico Marine Base as well as other local business demand, so all existing and proposed Class A office in the overall trade area will be considered.

The multi-family trade area will be defined as the Prince William County section of the overall trade area and the Woodbridge/I95 Costar corridor. While the site may well compete with some sites in Fairfax, generally higher land values, rents, and different demographics in Fairfax County make it difficult to compare the two areas directly in this analysis.

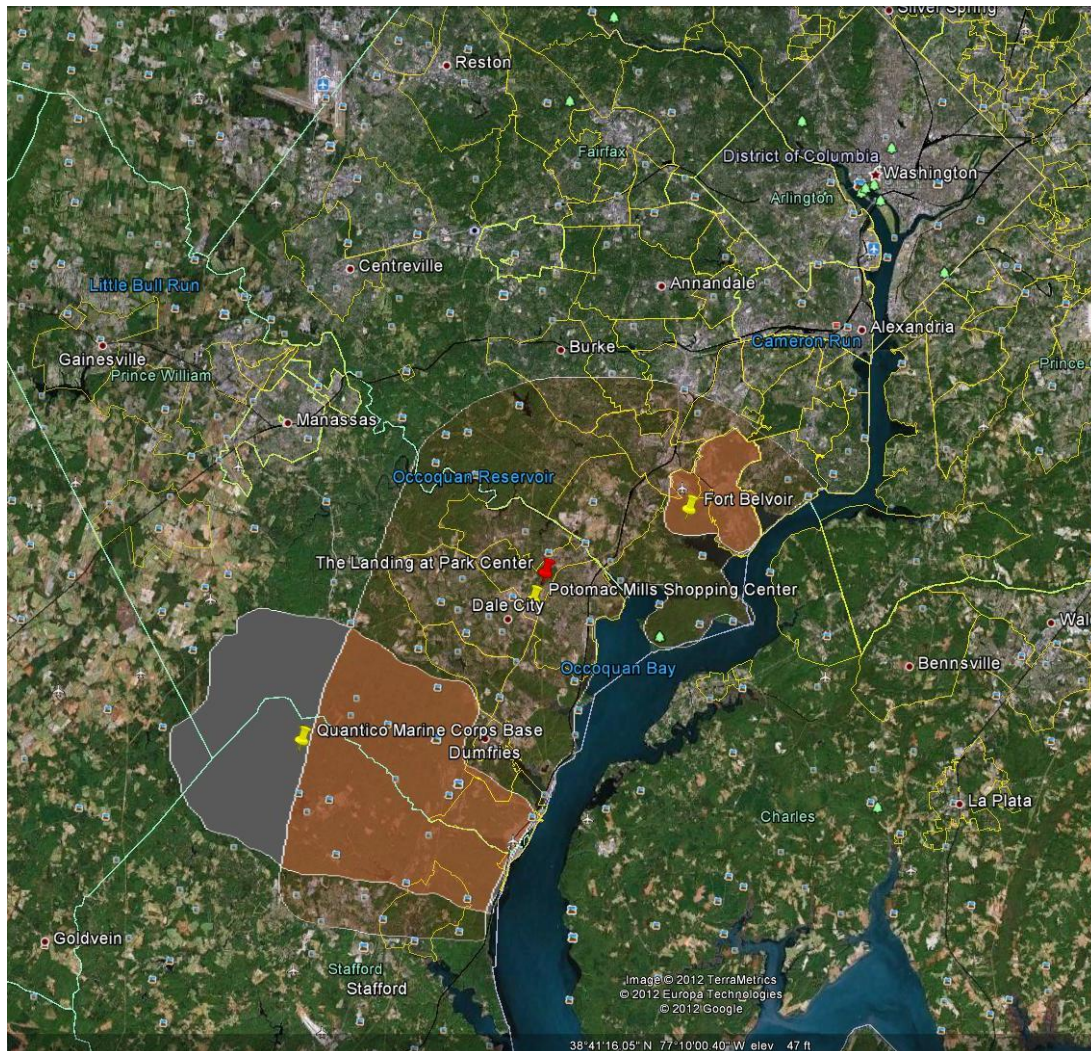
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<sup>6</sup> Census 2010, Metropolitan Washington Council of Governments, <http://www.mwcog.org>



The hotel trade area will also consist primarily of the Woodbridge/I95 corridor as the proximity to Potomac Mills is the major driver in the location selection of a majority of the hotels in the area. There are few hotels north of Potomac Mills until after Fort Belvoir which begin to serve a different submarket and not realistically any areas to the south.

Figure 4.2.1 – Overall Market Trade Area



### 4.3 Demographics

The following demographic information is presented, if not otherwise indicated, for the immediate radius of the site up to 5 miles and gathered from a number of sources including Costar, PolicyMap.com, MWCOC, and Prince William County.

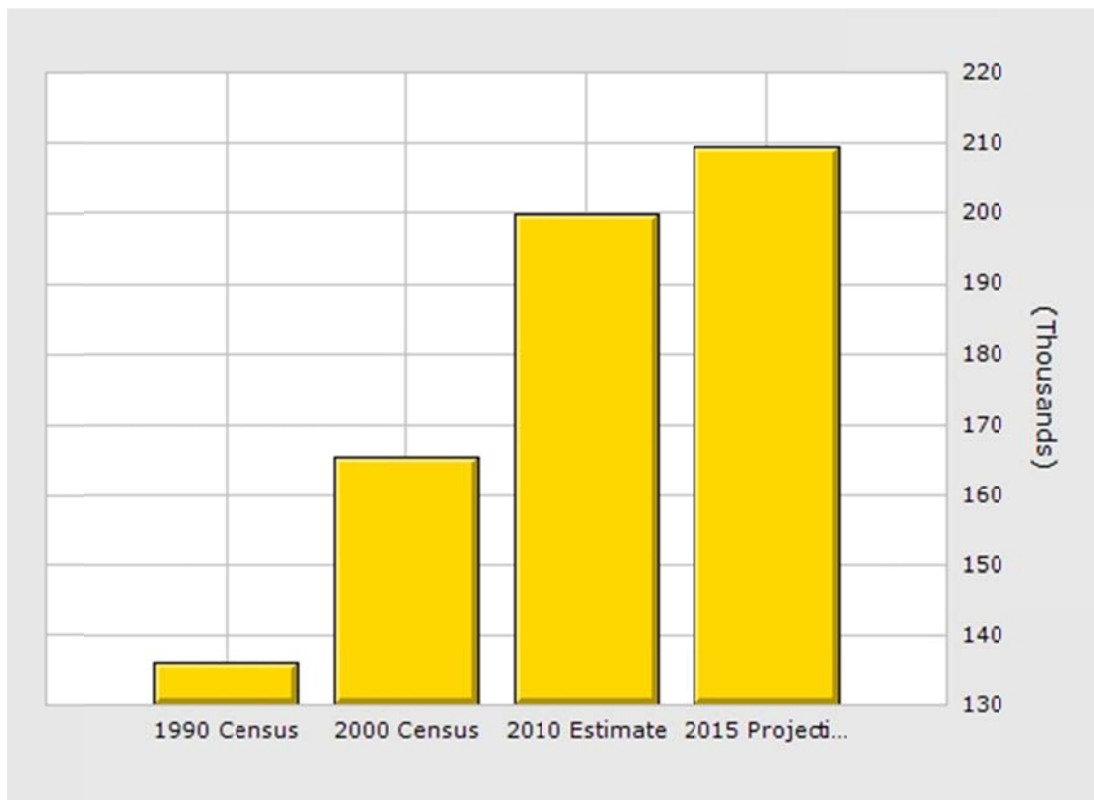
## A. Population

In 2010 Prince William County and incorporated towns had a population of 462,251. The area has seen explosive growth in the last 10 years, with PWC population increasing over 43% since the 2000 census.<sup>7</sup> MWGOC forecast the population of the County and internal cities to reach over 613,000 by 2030.

Figure 4.2 – Site Area Population

<b>Radius</b>	<b>1 Mile</b>	<b>3 Mile</b>	<b>5 Mile</b>
<b>Population:</b>			
2015 Projection	4,404	99,482	209,625
2010 Estimate	4,208	96,918	199,840
2000 Census	3,122	85,068	165,407
Growth 2010-2015	4.70%	2.60%	4.90%
Growth 2000-2010	34.80%	13.90%	20.80%

Figure 4.3 – 5 Mile Radius Growth<sup>8</sup>



<sup>7</sup> *The Prince William Report: Prince William County Demographic and Economic Newsletter*, <http://pwcecondev.org/AboutPWC/Demographics.aspx>

<sup>8</sup> CoStar

The area immediately around the site (1 mile) is significantly low due primarily to the surrounding land uses (Large retail, single family homes, and undeveloped land).

## B. Households

The number of households in Prince William County was approximately 140,900 in 2010 and project to grow to 193,100 by 2030.<sup>9</sup> Approximately 41.2% of those households were family households occupied by parents with their own children less than 18 years of age, as opposed to 29.7% national average. The average household size countywide was 3.02 persons in 2010.

<u>Radius</u>	<b>1 Mile</b>	<b>3 Mile</b>	<b>5 Mile</b>
<b>2010 Households:</b>			
2015 Projection	1,617	35,490	72,350
2010 Estimate	1,539	34,403	68,697
2000 Census	1,133	29,638	55,105
Growth 2010-2015	5.10%	3.20%	5.30%
Growth 2000-2010	35.90%	16.10%	24.70%
Owner Occupied	891	21,011	45,412
Renter Occupied	648	13,392	23,285

## C. Age and Gender

<u>Radius</u>	<b>1 Mile</b>	<b>3 Mile</b>	<b>5 Mile</b>
<b>2010 Population by Age</b>	<b>4,208</b>	<b>96,918</b>	<b>199,840</b>
Age 0 - 4	347 8.25%	7,744 7.99%	15,738 7.88%
Age 5 - 9	315 7.49%	7,269 7.50%	15,285 7.65%
Age 10 - 14	279 6.63%	6,828 7.05%	14,908 7.46%
Age 15 - 17	168 3.99%	4,201 4.33%	9,108 4.56%
Age 18 - 20	177 4.21%	3,848 3.97%	8,090 4.05%
Age 21 - 24	273 6.49%	5,288 5.46%	9,996 5.00%
Age 25 - 34	744 17.68%	15,029 15.51%	29,796 14.91%
Age 35 - 44	628 14.92%	14,649 15.11%	30,525 15.27%
Age 45 - 49	296 7.03%	7,596 7.84%	16,490 8.25%
Age 50 - 54	264 6.27%	6,826 7.04%	14,754 7.38%
Age 55 - 59	213 5.06%	5,331 5.50%	11,649 5.83%
Age 60 - 64	141 3.35%	4,162 4.29%	8,981 4.49%
Age 65 - 74	206 4.90%	4,848 5.00%	9,351 4.68%
Age 75 - 84	125 2.97%	2,347 2.42%	3,819 1.91%

<sup>9</sup> *Growth Trends to 2030: Cooperative Forecasting in the Washington Region*, <http://www.mwcog.org>



Age 85 and over	33 0.78%	952 0.98%	1,352 0.68%
Age 16 and over	3,212 76.33%	73,702 76.05%	150,889 75.50%
Age 18 and over	3,100 73.67%	70,876 73.13%	144,801 72.46%
Age 21 and over	2,923 69.46%	67,028 69.16%	136,711 68.41%
Age 65 and over	364 8.65%	8,147 8.41%	14,522 7.27%
<b>Median Age</b>	<b>32.30</b>	<b>33.80</b>	<b>34.00</b>
<b>Average Age</b>	<b>33.90</b>	<b>34.60</b>	<b>34.30</b>

#### D. Race and Ethnicity

<u>Radius</u>	<b>1 Mile</b>	<b>3 Mile</b>	<b>5 Mile</b>
<b>2010 Population By Hispanic Origin:</b>	1,566	26,901	45,676
<b>2010 Population by Race:</b>			
White	1,910	47,719	101,399
Black or African American	826	20,954	47,886
American Indian and Alaska Native	13	426	887
Asian	375	9,210	18,266
Native Hawaiian and Pacific Islanders	4	118	351
Other Race	735	12,133	18,777
Two or More Races	345	6,357	12,274

#### E. Education and Income

The county is well educated, with approximately 44% of the population holding a bachelor's degree or higher. The median household income for the County was \$92,655 in 2010, which is 9<sup>th</sup> among the largest counties in the US and fifth among Virginia. Per capita income is approximately \$34,373 countywide.

<u>Radius</u>	<b>1 Mile</b>	<b>3 Mile</b>	<b>5 Mile</b>
<b>2010 Avg Household Income</b>	<b>\$74,576</b>	<b>\$86,893</b>	<b>\$95,051</b>
<b>2010 Med Household Income</b>	<b>\$65,282</b>	<b>\$75,553</b>	<b>\$82,101</b>
<b>2010 Per Capita Income</b>	<b>\$26,916</b>	<b>\$30,879</b>	<b>\$32,745</b>
<b>2010 Households by Household Inc:</b>			
Income Less than \$15,000	27	1,231	1,985
Income \$15,000 - \$24,999	59	1,143	1,979

Income \$25,000 - \$34,999	114	1,831	2,890
Income \$35,000 - \$49,999	308	4,958	8,297
Income \$50,000 - \$74,999	401	7,862	15,011
Income \$75,000 - \$99,999	251	5,675	11,803
Income \$100,000 - \$149,999	318	8,551	18,497
Income \$150,000 - \$249,999	61	2,786	7,005
Income \$250,000 - \$499,999	1	331	1,087
Income \$500,000 or more	0	34	141

## F. Daytime Employment

The average travel time to work with in a 5 mile radius of the site is 35-39 minutes, signifying many of the residents are long distance commuters, and by personal observation and experience most of these are to points north in and around the District. The 2010 American Community Survey indicated that some 25% of all county workers traveled an hour or more one way to work on average, the 12<sup>th</sup> longest in the largest 818 counties in the United States.<sup>10</sup> This is significant as the Horner Road commuter (2300+ spaces) lot lies directly adjacent to the site providing direct access the HOV lanes on I95 and a significant bus and carpool options to commuters.

Locally, the site area is highly retail driven due to Potomac Mills and surrounding services.

Business Employment By Type	# Businesses			# Employees		
	1 Mile	3 Mile	5 Mile	1 Mile	3 Mile	5 Mile
<b>Total Businesses</b>	566	3,380	5,032	8,437	37,553	51,817
<b>Total Retail</b>	<b>288</b>	<b>971</b>	<b>1,242</b>	<b>5,191</b>	<b>13,072</b>	<b>15,875</b>
Home Improvement Stores	5	35	56	207	566	661
General Merchandise Stores	12	38	48	1,135	1,801	1,897
Food Stores	17	86	127	69	992	1,947
Auto Dealers & Service Stations	16	105	126	172	1,891	2,027
Apparel & Accessory Stores	66	119	129	874	1,248	1,261
Home Furniture, Furnishings & Equipment	30	93	122	454	790	924
Eating & Drinking Places	64	248	328	1,610	4,177	5,277
Miscellaneous Retail	78	247	306	670	1,607	1,881
<b>Financial/Insurance/Real Estate</b>	<b>39</b>	<b>359</b>	<b>515</b>	<b>162</b>	<b>2,115</b>	<b>2,795</b>

<sup>10</sup> The Prince William Report: Prince William County Demographic and Economic Newsletter, <http://pwcecondev.org/AboutPWC/Demographics.aspx>

Banks, Saving & Lending Institutions	15	103	140	73	743	946
Securities Brokers and Investments	2	24	39	11	91	108
Insurance Carriers & Agencies	4	58	85	16	144	219
Real Estate/Trust/Holding Companies	18	174	251	62	1,137	1,522
<b>Services</b>	<b>155</b>	<b>1,449</b>	<b>2,213</b>	<b>2,436</b>	<b>16,406</b>	<b>21,310</b>
Hotels & Lodging	6	15	20	108	224	303
Motion Picture & Amusement	14	82	136	118	797	1,426
Health Services	12	231	280	222	4,036	4,197
Legal Services	0	33	45	0	176	216
Education Services	7	70	107	399	2,940	4,785
Auto Services	13	127	162	58	943	1,118
Other Services	103	891	1,463	1,531	7,290	9,265
<b>Agriculture/Mining</b>	<b>4</b>	<b>40</b>	<b>79</b>	<b>71</b>	<b>244</b>	<b>425</b>
<b>Construction</b>	<b>30</b>	<b>250</b>	<b>476</b>	<b>184</b>	<b>1,594</b>	<b>2,229</b>
<b>Manufacturing</b>	<b>11</b>	<b>56</b>	<b>86</b>	<b>147</b>	<b>653</b>	<b>1,019</b>
<b>Transp/Commun/Pub Util</b>	<b>22</b>	<b>122</b>	<b>221</b>	<b>141</b>	<b>693</b>	<b>1,530</b>
<b>Wholesale Trade</b>	<b>10</b>	<b>90</b>	<b>131</b>	<b>30</b>	<b>548</b>	<b>706</b>
<b>Government</b>	<b>7</b>	<b>43</b>	<b>69</b>	<b>75</b>	<b>2,228</b>	<b>5,928</b>

## G. Consumer Spending

Annual Consumer Spending	2010			2015		
<u>Radius</u>	1 Mile	3 Mile	5 Mile	1 Mile	3 Mile	5 Mile
<b>Total Specified Consumer Spending</b>	61,382	1,592,257	3,468,512	68,513	1,775,207	3,847,800
<b>Apparel:</b>						
<b>Total Apparel</b>	2,174	55,800	120,749	2,426	62,211	133,953
<b>Entertainment:</b>						
<b>Total Entertainment</b>	5,749	150,343	329,925	6,417	167,617	366,003
<b>Food at Home:</b>						
<b>Total Food At Home</b>	5,087	128,666	277,171	5,678	143,449	307,480
<b>Food Away from Home:</b>						
<b>Total Food Away From Home</b>	5,150	132,253	286,219	5,748	147,449	317,518
Breakfast and Brunch	499	12,451	26,643	557	13,882	29,556
Dinner	2,401	62,000	134,466	2,680	69,123	149,170
Lunch	1,692	43,429	93,891	1,888	48,419	104,158

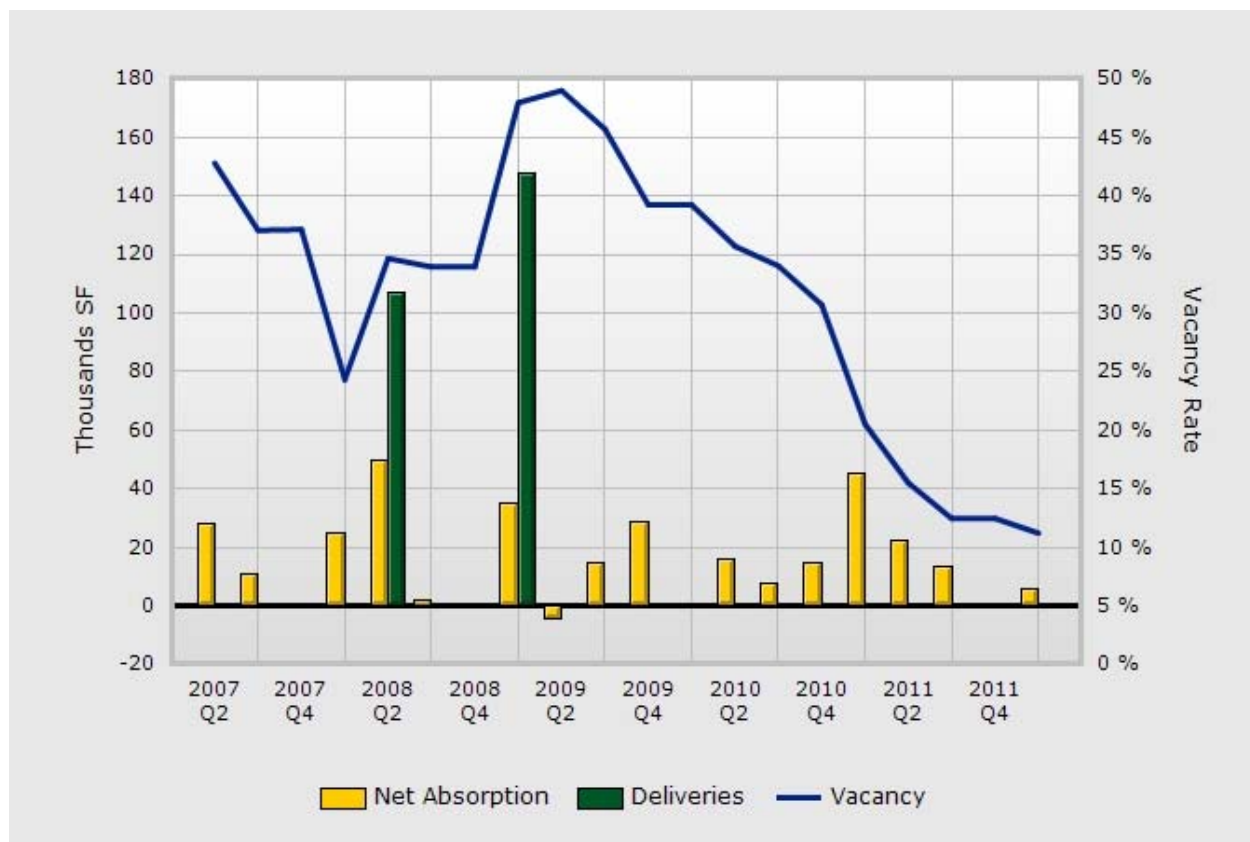
Snacks and Non Alcoholic Bev	395	9,887	21,250	441	11,023	23,574
Catered Affairs	163	4,487	9,969	182	5,002	11,059
<b>Alcoholic Beverages:</b>						
<b>Total Alcoholic Beverages</b>	1,002	25,174	54,167	1,118	28,066	60,090
<b>Furniture and Appliance:</b>						
<b>Total Furniture and Appliances</b>	5,645	148,462	326,413	6,301	165,521	362,107
<b>Transportation and Maintenance:</b>						
<b>Total Transportation and Maintenance</b>	13,616	354,324	772,120	15,198	395,036	856,553
New Autos/Trucks/Vans	3,620	97,532	215,569	4,041	108,738	239,142
Used Vehicles	3,424	87,070	187,544	3,822	97,074	208,053
RVs and Boats	394	10,698	24,226	440	11,927	26,875
Gasoline	4,554	116,992	253,135	5,083	130,434	280,816
Diesel Fuel	71	1,939	4,354	79	2,162	4,831
Automotive Maintenance/Repair	1,553	40,094	87,292	1,734	44,700	96,837
<b>Health Care:</b>						
<b>Total Health Care</b>	2,432	63,177	138,063	2,714	70,436	153,160
<b>Education and Day Care:</b>						
<b>Total Education and Day Care</b>	4,749	125,369	274,792	5,301	139,773	304,841
Education	2,082	54,536	119,323	2,324	60,802	132,371
Room and Board	191	5,494	12,466	213	6,125	13,829
Tuition/School Supplies	1,828	47,797	104,448	2,041	53,289	115,870
Day Care	648	17,542	38,555	723	19,558	42,771

#### 4.4 Office Analysis

##### E. Supply

The site is located in the Woodbridge/I95 Corridor submarket according to CoStar and the overall trade area includes a portion of southern Fairfax County. Within the trade area there are a total of 31 Class A buildings listed, 8 existing and 23 proposed sites. The total existing space is 687,693 sf, while the total space currently proposed is 2,358,377 sf. Within the existing class A office the vacancy rate is 13% and there have been no deliveries since the 1<sup>st</sup> quarter 2009. 7770 Backlick Road is currently under construction and set to deliver in June 2012 with 240,565 sf and is 41.7% leased currently.

Figure 4.4.1 – 5 Year Class A Office Vacancy, Delivery, Absorption



As you can see by the chart above, the historical vacancy rate for the area is extremely high, averaging 20-25% the past 5 years. The vacancy rate has spiked after each delivery, and due to the recession since 2008 has taken over 3 years to get back below 15%. The average time vacant has been 22.1 months over the last five years, but thanks to no new supply and renewed economic activity the vacancy rate has declined over 20% since 1Q 2011.

## F. Demand

The primary driver of demand in the trade area is the Base Realignment and Closure Act (BRAC). By 2012 20,000+ service and civil members will have moved to Fort Belvoir with another 3000+ to Quantico. BRAC has driven most of the absorption of the past 3 years but also generated and incredible amount of proposed Class A space, of which the first 240K SF are about to be delivered in June near Fort Belvoir and is 41% preleased. While it is expected that private contractors and government support tenants will want to re-locate to be close to the two bases, the extent of that new demand is realized is still unclear.

The Park Center site is in perfect position to take advantage of this new demand as it is centrally located between both bases with excellent visibility from I95 and close to retail, but with some caveats. For tenants that want to be near Fort Belvoir specifically the Landing is at a

competitive disadvantage as the sites proposed in Fairfax are much closer to the base with better direct access. Unless the Landing can draw those tenants farther south with lower rents and the Potomac Mills area amenities, it is unlikely the Landing could count on capturing that demand.

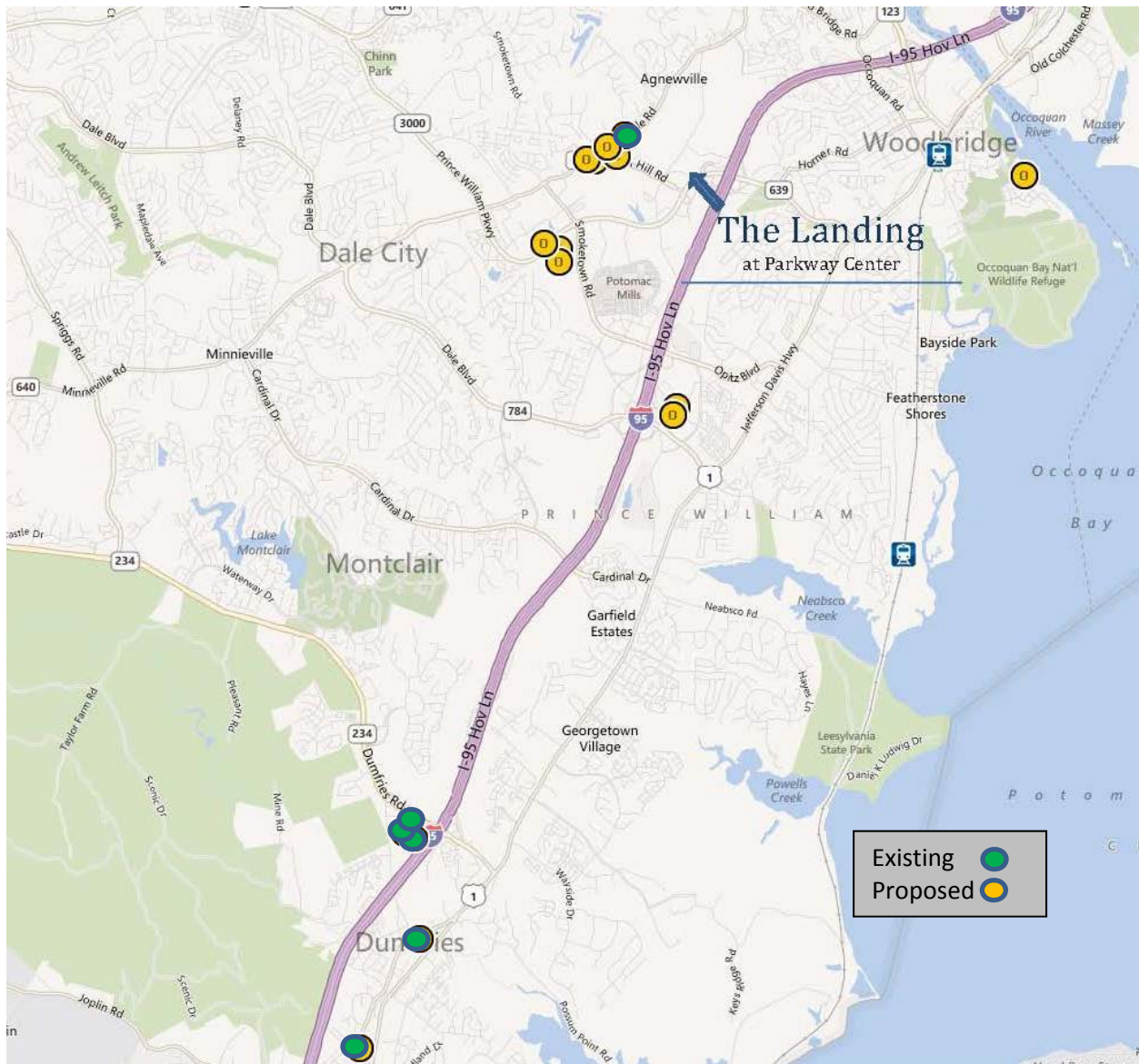
For tenants that want to be near Quantico and/or between both bases, the Landing a significant advantage, but not without intense competition already. The primary competition for this category is Potomac Town Center, which is less than 2 miles from the Landing site and where up 400,000 sf of class A space is currently being marketed by Jones Lang LaSalle (2 buildings at 200,000 sf each). Currently it is unknown whether any leases have been signed or when the 1<sup>st</sup> 200,000 sf building will begin construction. While the proposed office at Potomac Town Center does not have as good of visibility as the Landing, it does have walkable retail and entertainment already built whereas the Landing does not. Potomac Town Center is also several years ahead of any construction at the Landing and with the capacity to capture demand now and several years from now.

Therefore, without a significant prelease, it seems unwise to base demand on potential activity from BRAC. While the design and marketing of the Landing should attempt to attract and capture BRAC demand, the demand forecast and calculations will be based on the normal market activity within the Woodbridge/I95 corridor, which may or may not include BRAC related transactions.

The following map shows the Class A office competition specifically within the Woodbridge/I95 submarket (proposed and existing). As you can see there are only 3 sites with close proximity and direct visibility from I95, and the only one existing is the Quantico center buildings near Dumfries road 6 miles south of the Landing which are all 95-100% leased. It seems reasonable then to assume that the Landing site will perform better than the overall market because of its excellent visibility and proximity to major retail. Potomac Town Center, which is approximately 2 miles south on the other side of I95, should also outperform the market overall due the class A retail surrounding the office component, however, the office will not have quite as good of visibility from I95 as the office component is slated to be built in the back of the site.



Figure 4.4.2 – Class A Office Competition Map (Proposed & Existing)



The current demand in the submarket as determined by the class A occupied space is just over 331,000 sf. According the MWCOG most recent forecast, Prince William County employment is expected to grow substantially over the coming years, in excess of 110% by 2040 as one of the leading growth areas in the D.C. region.<sup>11</sup> While the long term growth prospects deem class A office to be an excellent use for the Landing, the current demand and short term forecast will determine how much if any can built immediately. The following is a 5 year demand calculation for the Woodbridge/I95 submarket based on the data retrieved from MWCOG, Bureau of Labor Statistics, CoStar, and PWC sources.

<sup>11</sup> Growth Trends to 2040: Cooperative Forecasting in the Washington Region, 8.0, <http://www.mwcog.org>

Figure 4.4.3 – Class A Office Market Demand Calculations

OFFICE DEMAND CALCULATIONS				
Line	Demand Category	Current Year End	Year 5	Data Source/Comment
1	Total Community Employment	147,825	176,200	Reconciled Forecast
2	Percentage occupying standalone office space	17.0%	17.0%	Bureau of Labor Statistics
3	Total employed in office space	25,130	29,954	Line 1 x Line 3
4	Percentage of office workers in Class of space	14%	14%	Local Data
5	Total Community Office Class jobs	3,437	4,096	Line 3 x Line 4
6	Average sq.ft. per employee	318	318	BOMA; Local Data
7	Total Community Demand	1,093,362	1,303,233	Line 5 x Line 6
8	Percentage of Community Demand in Market Area	30.3%	35.3%	Local Data
9	Total Market Area Demand	331,009	459,708	Line 7 x Line 8

As indicated, by 2017 and estimated 459,708 sf of Class A office demand will be generated in the Woodbridge submarket. When the current Class A space available of 367,172 is subtracted out, only 92,536 sf of additional Class A space is expected to needed under normal market activity. Given that over 1 million sf of Class A space is already proposed and a minimum of 200,000 sf likely to be constructed in the next 2 years, the data suggest being cautious in the construction of office for the time being.

## G. Pricing

The average price for existing class A space within the trade area is \$26.74 according to CoStar. This is primarily for the Woodbridge/I95 submarket as nearly all of the proposed sites in Fairfax are withholding their asking rents from their listings, but estimated to be around \$30 psf. The Landing can reasonably be expected to generate somewhere in the middle of these two figures. It will command higher than the average due to its location and visibility, but will also have to be competitive with the sites in Fairfax to attract BRAC tenants further south.

## H. Conclusion

The construction of the office portion of the Landing should likely be deferred and phased in accordance with how the market conditions develop over the next couple years. It should be marketed aggressively to potential BRAC related tenants in the hopes of capturing pre-leases from tenants looking to move to the area. All zoning and approvals should be in place so in the

event a significant pre-lease can be obtained the Landing can take advantage of Prince William County's 30 day site approval process and begin construction quickly.

Much also depends on the state of the national economy and the federal government. Though the Washington D.C. market has weathered the recession overall better than most markets, its health continues to be threatened by looming budget and defense cuts. The latest Delta Associates report has the overall Northern Virginia Class A vacancy rate at 14.6% and doesn't expect any meaningful growth until at least 2014-2015.<sup>12</sup> On the other hand, Prince William County and the trade area of the Landing are benefiting from some of the losses in other parts of Northern Virginia relating to BRAC. Delta Associates expects the overall Northern Virginia office market to remain soft for the time being while developers look for land and prepare for the next development cycle for delivery around 2014/2015. This plays well to the Landing's development plan as the site should be fully entitled by 2014 and ready to take advantage of the next cycle.

## **4.5 Multi-Family Analysis**

### **A. Supply**

The multi-family in the Woodbridge submarket was, until recently, almost completely served by lower to mid-range garden style apartments. The Virginia Employment Commission projects Prince William County to grow over 28% in the next 10 years and another 18% through 2030,<sup>13</sup> and due to the County's excellent long-term growth forecast activity has been picking up since over the past few years on developing higher-end product. The only true luxury complex existing is The Preserve, a 220 unit development less than a mile from the Landing site finished in 2009 and is over 95% leased.

The pipeline for luxury product though has increase significantly, with the 294 Bainbridge River Oaks apartments under construction and scheduled to deliver in 2012. This is another TOD development located near the Woodbridge VRE station. Another 288 units are projected to deliver in 2014 in the Potomac Heights project also under construction. Potentially, another 1100 mostly higher-end units could be delivered in 2014 across 3 projects, and another 500 potentially at Potomac Town Center in 2015. As such 2014-2015 may be a tough time to deliver because of so many units coming online at once. Harbor Station, a massive mixed use/resort project in Cherry Hill-which is within the market area, was also purchased out of foreclosure in 2011 by SunCal. Its original zoning approval is for up to 4000 residential units with a new VRE station. Currently there is no known timeline of when construction of any units might begin or how many would directly compete with the Landing, but it will likely have an impact on all the products being delivered in the next 5 years.

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<sup>12</sup> Delta Associates, 1Q 2012 Office Market Report

<sup>13</sup> *Prince William County Community Profile*, Virginia Employment Commission

The Landing will have to compete with these new units for the higher-end market, but will have advantages over some due to its TOD qualities and convenient options to DC. The Landing will actually have more carless transportation options than any of the other developments also being built as TOD thanks to the extensive “slugging” and carpool network at the Horner Road lot and multiple OmniRide bus routes. The VRE station is only 2 miles away as well if residents prefer the train.

The market will ultimately determine how many and when the proposed units get built, but it is likely the Landing can retain more demand in a potential downturn vs. the non-TOD units because of the transit options, close proximity to all the major retail in the area, and good location between both major military bases in the corridor. The trend for more high-end, luxury apartment demand is also supported by number of factors:

1. The Virginia Employment Commission projects Prince William County to grow over 28% in the next 10 years and another 18% through 2030.<sup>14</sup>
2. The median income in 2010 for Prince William County was \$92,655, 9<sup>th</sup> in the US and 5<sup>th</sup> in Virginia.
3. Major demand drivers behind employment growth are Fort Belvoir and Quantico, in which many of the jobs and relate private jobs that are created are higher-paid jobs.
4. The decreased ability of even higher-paid people to qualify for mortgages in the current economy and from credit problems created by the foreclosure crisis of the past few years.
5. Uncertainty of the housing market, which is driving more people to rent and will likely take years to fully resolve.

## **B. Demand**

Below are the demand calculations for multi-family over the next 5 years. This includes all market rate, non-senior multi-family units in the Woodbridge/I95 submarket, and was calculated from state and local data. As of 2012 there will be a negative demand due to the 700+ units scheduled to be delivered. But by 2017 a surplus demand is project across all multi-family.

Including new deliveries in 2012, less than 5% of the all units can be classified as luxury apartments when nearly 75% of households can afford them, and the one existing luxury building is over 95% leased. Therefore it seems there is sufficient demand for multi-family units through the next 5 years and the demographic data supports more development of high-end units. The Landing has a great opportunity to take advantage of in a market underserved by this type of product, even with the projected deliveries over the next few years.

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<sup>14</sup> *Prince William County Community Profile*, Virginia Employment Commission

Figure 4.5 – Multi-family Demand/Supply Calculations

MULTI-FAMILY DEMAND CALCULATIONS				
Line ID	Demand Category	Current Year End	End of Year 5	Comment
1	Population forecast	223,977	259,651	Reconciled forecast
2	Persons per household	3.02	3.02	Analyst's forecast
3	Occupied housing unit demand (total household)	74,165	85,977	Line 1 ÷ Line 2
4	Percentage of apartment	16%	20%	Analyst's forecast
5	Demand for apartment units	11,718	17,195	Line 3 × Line 4
6	Percentage able to afford units in subject economic	74.2%	74.2%	Based on minimum and maximum income
7	Competitive multifamily demand	8,695	12,759	Line 5 × Line 6
8	Current supply	9,337	10,037	Analyst's research
9	Forecasted additional supply	700	2332	Analyst's forecast
10	Forecasted reductions in supply	0	0	Analyst's forecast
11	<b>Total supply</b>	<b>10,037</b>	<b>12,369</b>	Line 8 + 9 + 10
12	Less frictional vacancy @ 5%	502	618	Line 11 × 5%
13	Supply net of frictional vacancy	9,535	11,751	Line 11 – Line 12
14	<b>Marginal demand</b>	<b>-840</b>	<b>1,008</b>	Line 7 – Line 13

### C. Pricing

Direct research of current pricing on the only existing luxury building (The Preserve) yielded an average price of \$1.91 psf with minimal to no concessions. Another high-quality complex called Riverside Station was currently offering slightly lower, but similar figures for higher-end units. The current pricing is no doubt a result of the current strength of the multi-family market, but seems reasonable on which to base projected future income for the Landing. Rent growth will likely suffer though in the coming years when substantial units are delivered and may even decline. Therefore pro-forma estimates for growth and pricing should be conservative.

### D. Conclusion

The site aspects of the Landing create a great opportunity for a luxury apartment complex with unmatched access to transportation and retail in the area. The cost of the land dictates that a high-end product must be built, but the market analysis supports the development of higher-end product as well. Due to the strength of the current multi-family market and the fact this is

currently one of the only asset classes financing is readily available for, construction of the multi-family units at the Landing as phase 1 is the most feasible plan.

It is also not likely the competition will subside any time soon with the hot multi-family market, making now the opportune time to build and capture the elevated rental trend both nationally and as a result of the strong growth forecast for the area as indicated below.

#### **4.6 Hotel Analysis**

Hotel markets are largely affected by both macro and micro economic factors. However, the Washington, D.C. hotel market is somewhat unique because it includes the nation's capital, which lends itself to many benefits. Most importantly, this hotel market is more resistant to economic recession than other U.S. metropolitan markets. Its international status contributes significantly to both leisure and group demand. Washington, D.C. is home to the federal government, and the private sector is closely aligned with the business of the federal government, which is an economic anchor to the market. As a result, the lodging market enjoys a consistent base of demand.

The Metropolitan Washington Council of Governments also stated in its Growth Trends to 2030 Newsletter that "Two-thirds of all new jobs [Washington Metropolitan Area] are anticipated in service industries such as engineering, computer and data processing, business services, and medical research" which will require hotel accommodations.<sup>15</sup> Though despite the historically strong D.C. market, if certain of the proposed federal budget cuts are enacted or the economy takes a turn in the opposite direction, all of the area hospitality market could suffer.

But the hotel market has seen a resurgence and strong performance nationally with an average price per key up 12% in 2011. Much of the growth was in top markets like Washington, D.C. both in demand and sales transactions and this is predicted to continue in 2012. In additional financing, although limited, has returned to hotel deals as evidence by recent transactions nationwide.

The location of the Landing is one of the best sites south of the Beltway in the I95 corridor and easily the best in Prince William County for a new hotel. With its high visibility from I95 and the Prince William Pkwy, proximity to Potomac Mills and other area hotels, and transportation links to D.C. there appears to be a real opportunity to create a high-quality asset that can outperform the market and compliment the entire development.

#### **A. Supply**

Smith Travel Research defines the The Landing as within the I-95/Fredericksburg sector of northern Virginia. As of 2011, there were a total of 79 hotels within the submarket with a total of 7,028 rooms available representing 6.8% of the overall D.C. market. Of these, 24 hotels and

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<sup>15</sup> Hotel & Leisure Advisors: *Washington, D.C. Lodging Market's Resiliency & Outlook*, 2010



2678 were classified as upper-priced (38%) and the remaining 4,350 rooms were classified as lower-priced. This does not including projects that are proposed or under construction.<sup>16</sup> There was a total gain in supply of 0.9% from 2010 to 2011.

The immediate area surrounding the Landing is the Woodbridge/Potomac Mills area, which has a total of 1733 rooms including those in the Dumfries/Quantico area about 6 miles to the south, with another 500+ proposed and in some stage of development. The highest quality hotels in the area are a Marriott Courtyard, Residence Inn, and Springfield Suites, all of which are located directly across the Prince William Parkway from the Landing site.

The market is highly business oriented with its close proximity to Quantico and Fort Belvoir. Most of the growth in the past several years has been in the extended stay category, and 3 of the 4 currently proposed hotels are specifically extended stay. All hotels are mid-level or lower with a majority being economy priced rooms. Many of the hotels have some meeting space, but the largest continuous space is only 2600 sf, and that is at the economy priced Ramada in Dumfries. The new Springfield Suites has the largest meeting space at 1250 near Potomac Mills and is the newest hotel in the area.

## **B. Demand**

Smith Travel Research reports that room demand increased in the I-95 Fredericksburg corridor by 0.4% in 2011 overall; however, the average room rate was down by -1.9% to \$77.00 in 2011 from \$78.51 in 2010. Likewise, overall occupancy percentage dropped 0.5% to 57.7% from 57.9% in 2010. Room revenue was also -1.5% in 2011. With the exception of the suburban Virginia submarket, all of the Virginia regions around D.C. that had new supply added saw a decrease in room occupancy, and only Tysons Corner and Dullas airport saw increases in average room rate. Though the overall DC-MD-VA market is doing well and saw positive growth in all categories, the data suggest increases in supply in the Virginia regions to suffer somewhat and that the market is still absorbing the new space. Nationally room demand was up 5% and occupancy was up 4.4% with an average room rate of \$101.64<sup>17</sup>

When considering future growth, the submarket has one of the best forecasts in the area. In late 2011 Prince William County was announced as number one in Job growth in Virginia. It was also 3<sup>rd</sup> among the 322 largest counties in the country for fastest job growth.<sup>18</sup> The latest MWCOG regional forecast expects Prince William County to more than double its current employment level by 2040 with an astounding total growth rate of 112.8%, 2<sup>nd</sup> in the entire Washington area only behind Loudon County. Part of this new demand is being generated by BRAC, which has brought several thousand new jobs to Quantico already and many support businesses. While this is expected to continue, the pace of which new jobs, particularly

<sup>16</sup> Hotel & Leisure Advisors: *Washington, D.C. Lodging Market's Resiliency & Outlook*, 2010 (Plus completed project since report published)

<sup>17</sup> Virginia Tourism Commission: *2011 YTD Lodging Report*. [www.vatc.org/research](http://www.vatc.org/research)

<sup>18</sup> Insidenova.com: *Prince William number one in Virginia job growth*, <http://www2.insidenova.com/news/2011/oct/28/prince-william-number-one-virginia-job-growth-ar-1415165/>

corporate office jobs, coming to the County is still uncertain. The majority of current demand increase from BRAC was to Fort Belvoir, and as stated in the office analysis may or may not generate significant new office demand in Prince William (7 miles to the south) over the next few years.

Due to the location of the Landing, the hotel will have some advantages in generating demand over the market.

1. Consistently the highest price hotels in the immediate area are the Marriott Courtyard, Residence Inn, and new Springfield Suites, all of which are directly adjacent to the proposed site. The clientele looking for the mid-level, higher-end rooms are already coming to this location and the Landing will be able to offer an extremely visible, competitive alternative.
2. For traffic traveling on I95, the Landing will be able to be seen from both directions, and for cars exiting onto Prince William Parkway going towards Potomac Mills, the Landing is on the right side of the road whereas the Marriott hotels are across the highway on the left. While they are equally as visible as the Landing once on the Parkway, the Landing can be accessed by 3 quick right turns vs. 3 left and a major stoplight.
3. The Landing is located almost directly in between Fort Belvoir and Quantico, allowing it to benefit from both. It is an easy drive to either base, and in the evening all of the best retail and restaurants within 10 miles are within 5 minutes of the hotel.
4. The Landing will eventually have a Class A office building right next to it. Though the timeline of development for the office is uncertain, the hotel will eventually be the most convenient for the business located there and capture a substantial portion of that demand. It will also be walkable from the residences at the Landing, so family and friends visiting residents can do so without needing their car.
5. The hotel will have walkable access to and from D.C. and Metro on through the existing Horner Road commuter lot transportation options.
6. There is no meeting space larger than 2,600 sf. in the immediate Woodbridge and Quantico area, and none larger than 1,500 in a mid-level hotel. The largest total space within a 10 mile range is the Comfort Inn at Loisdale Ct with 5,730 total space. The Landing is proposed to have minimum of 15-20,000 sf. meeting space offering both the largest contiguous space and most total meeting space in the area.

### **C. Pricing**

The average room rate for the submarket was \$77.00 in 2011 according to Smith Travel Research. Given the location and type of hotel to be built, and that there are many economy hotels in this submarket, it is reasonable to assume the Landing would price well above the average near the high-end of the market. As stated earlier, the 3 Marriot hotels directly across from the development site are consistently among the highest price points in the market anywhere from \$140-200 per night. As such, an ADR of \$125 per night would be a conservative estimate in the proforma for this hotel at or above the average occupancy within the submarket. The reasons listed above should give the hotel above market performance in

both occupancy and room demand.

#### **D. Conclusion**

There is no doubt this is an excellent site for a hotel and probably the best in the area, the question is timing. The short and long-term prospects for Prince William County look good, but there is much hesitation in the national economy which impacts both the businesses and consumers that make up the hotel demand. The fact that the economic recovery has been at best very weak, the threat of another recession or slowed growth is still very real in the mind of many. Add to that the ballooning spending of the Federal Government will have to end at some point either through the looming budget cuts or other measures, potentially having a significant effect on the entire area. This would directly affect the Landing and the I95 corridor as much of the growth in demand is due to the Federal Government through Ft. Belvoir and Quantico.

However, the economics of the hospitality have been improving rapidly the last two years, and given the excellent locations, demand generators, and projected returns of the site, the time to move forward may be now as to deliver into potentially a strong market. 4 other hotels in the area are doing the same, and we believe that phase 2 should move forward concurrently with the residential phase 1 unless the market changes significantly before construction begins.

## Section 5: Development Issues

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### 5.1 Site Assemblage

The initial development issue is the assemblage of 9 different parcels. While most of the land, (7 parcels to be exact) are under a consolidated ownership, delays or disputes with any one of the owners could hold the project or cause changes in the scale or timing. Phase 1 is primarily on the largest single parcel and will most likely not face and delay even if getting control of the other parcels takes longer than planned.

### 5.2 Easements

There is a large utility easement on one of the parcels on the southeast side, which can clearly be seen in the parallel lines on the site map in that area. Nothing of course can be built on this area except for surface parking. Fortunately, there is enough space on the site that neither of the 3 land bays are losing density from the easement. The proposal will include surface parking on the easement, making it easier to obtain the overall required parking ratio without structured parking.

### 5.3 Adjacent Uses

A potential issue is the adjacent use along Old Horner Road. There is currently two SFH sites and the telecommunications tower located there. The parcel closest to the PWC parkway is vacant and attempting to be purchase as part of this deal. The development site will then back up the telecommunications towers with parking which is not expected to cause any issues. On the other side of the tower however there is an actual SFH in use, and that overall parcel is not part of this proposal.

The owners could possibly become an issue as the access to their house is Old Horner Road, which this development will be expanding and generating much more traffic. Also the residential units are being constructed relatively close to the property and they may oppose the construction activity. A possible option would be to try and buy the land as part of this deal, but it does little except to increase land cost and space for the development as proposed. The residents will be consulted as part of the planning process and the situation will be monitored throughout.

### 5.4 Land Allocation

Another issue is the allocation of land cost. Since the site is very large there are multiple uses being developed, but due to market conditions they are not all at the same time. The bulk of the land must be purchase at once though as it is currently on market together. Additional equity will have to be put up in the beginning to purchase the land and allocated between the two phases moving forward at this time.



Fortunately, the residential very strong returns and as a result is carrying 85% of the initial land cost, even though the entire residential component only occupies 35% of the land. The additional 15% is being allocated to the hotel deal which is a number that works the hotel proforma. An agreement may be arranged to return some of that allocation to the individual buildings once the office is constructed, but as of now the remaining site for office construction will be owned outright once the first two phases begin.

## **5.5 Land Use Regulation**

The designation as an REC limits the amount of residential construction to 25% maximum across the entire REC. Unfortunately the maximum allowable units per the plan was exceeded over 5 years ago, and with subsequent developments is well over the maximum now. The PMD rezoning applied for though allows a greater % of residential, up to 35% of GLA. The residential is being proffered to that standard and requesting a variance from the sector plan. If multifamily was the only use being proposed, it is doubtful the zoning request would be approved; however, with the hotel being developed concurrently with the residential, and office in the future, we believe the Board will grant the variance as the overall benefit to the county is tremendous.

## Section 6: Development/Construction Cost

The total project costs for phase 1 and 2 are estimated at just over \$89 M. The cost breakdown per phase is listed below.

### 6.1 – Multifamily Total Project Cost

Total Project Costs		Total Cost	Per Unit	\$ Per GSF	\$ Per RSF
<b>Land Cost</b>		<b>\$ 11,660,000</b>	<b>\$ 45,725</b>	<b>\$ 35.00</b>	<b>\$ 43.04</b>
<b>Hard Construction Costs <sup>1</sup></b>		<b>\$ 30,621,341</b>	<b>\$ 120,084</b>	<b>\$ 91.91</b>	<b>\$ 113.02</b>
<b>Soft Costs</b>					
Design and Engineering		\$ 2,040,000	\$ 8,000	\$ 6.12	\$ 7.53
Fees, Bonds, Permits and Proffers		\$ 4,445,126	\$ 17,432	\$ 13.34	\$ 16.41
Utility Fees		\$ 3,825,000	\$ 15,000	\$ 11.48	\$ 14.12
Inspections & Testing		\$ 130,000	\$ 510	\$ 0.39	\$ 0.48
Misc. Administration & Transaction Costs		\$ 1,036,721	\$ 4,066	\$ 3.11	\$ 3.83
Marketing/Advertising		\$ 790,500	\$ 3,100	\$ 2.37	\$ 2.92
Construction Period Expenses <sup>2</sup>		\$ 638,762	\$ 2,505	\$ 1.92	\$ 2.36
Development Fees <sup>3</sup>	5.0%	\$ 1,909,598	\$ 7,489	\$ 5.73	\$ 7.05
Soft Cost Contingency <sup>4</sup>	5.0%	\$ 695,368	\$ 2,727	\$ 2.09	\$ 2.57
Lease-up Cash Flow Deficit		\$ 529,828	\$ 2,078	\$ 1.59	\$ 1.96
<b>Total Soft Costs</b>		<b>\$ 16,040,904</b>	<b>\$ 62,906</b>	<b>\$ 48.15</b>	<b>\$ 59.21</b>
<b>Financing Costs</b>					
Interest	4.50%	\$ 1,418,477	\$ 5,563	\$ 4.26	\$ 5.24
Lender Fees/Closing Costs <sup>5</sup>		\$ 1,308,611	\$ 5,132	\$ 3.93	\$ 4.83
Lender Administration Fee		\$ 90,000	\$ 353	\$ 0.27	\$ 0.33
Lender Inspection Fee		\$ 35,000	\$ 137	\$ 0.11	\$ 0.13
<b>Total Carrying &amp; Closing Costs</b>		<b>\$ 2,852,088</b>	<b>\$ 11,185</b>	<b>\$ 8.56</b>	<b>\$ 10.53</b>
<b>Total Project Cost</b>		<b>\$ 61,174,333</b>	<b>\$ 239,899</b>	<b>\$ 183.62</b>	<b>\$ 225.79</b>

## 6.2 – Hotel Total Project Cost

<b>HOTEL DEVELOPMENT</b>					
<b>DEVELOPMENT COSTS</b>					
02:38 PM					
COST CATEGORY	ASSUMPTION		\$000	\$/ROOM	% TOTAL
<b>TOTAL LAND COST</b>			<b>\$2,000</b>	<b>\$10,204</b>	<b>7.2%</b>
Closing costs & fees	6.0% of purchase price		120	\$612	0.4%
Total site acquisition costs			2,120	\$10,816	7.6%
<b>HARD COSTS</b>					
Site development/demolition			2,015	10,281	7.2%
Parking/garage construction	\$0	per space	0	0	0.0%
Base building construction			13,193	67,310	47.3%
Furniture, fixtures & equipment			2,156	11,000	7.7%
General conditions and fee	9.00% of above hard costs (excl. FF&E)		1,369	6,983	4.9%
Hard cost contingency	6.00% of above hard costs		1,124	5,734	4.0%
Total hard costs			19,856	101,309	71.2%
<b>SOFT COSTS</b>					
Architectural & engineering fees	7.00%	of hard costs (excl. FF&E)	1,239	6,322	4.4%
Surveys, testing & inspections	\$300	per room	59	300	0.2%
Permits, licenses, fees & bonds	\$1,750	per room	343	1,750	1.2%
Appraisals and inspections	\$160	per room	31	160	0.1%
Insurance and title	\$150	per room	29	150	0.1%
Property taxes	0.00%		35	179	0.1%
Legal and accounting	\$909	per room	178	909	0.6%
Pre-opening/marketing costs	\$3,500	per room	686	3,500	2.5%
Moving & related costs	\$0	per room	0	0	0.0%
Community benefits	Proffers		1,000	5,102	3.6%
Development fee	4.0%	of devp. costs (excl. land & financing)	981	5,006	3.5%
Soft cost contingency	\$1,500	per room	294	1,500	1.1%
Total soft costs before financing			4,876	24,878	17.5%
<b>TOTAL DEVELOPMENT COSTS BEFORE FINANCING</b>			<b>26,853</b>	<b>137,003</b>	<b>96.3%</b>
<b>FINANCING COSTS (THROUGH CONSTRUCTION)</b>					
Financing fees	1.00%	of devp. costs (including interest payments)	230	1,173	0.8%
Recordation and transfer taxes	0.20%	of devp. costs before financing	54	274	0.2%
Interest payments through construction	5.00%	per year	747	3,814	2.7%
Total financing costs through construction			1,031	5,261	3.7%
<b>TOTAL DEVELOPMENT COSTS THROUGH CONSTRUCTION</b>			<b>\$27,884</b>	<b>\$142,264</b>	<b>100.0%</b>

## Section 7: Schedule

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The full development timeline for phases 1 and 2 spans from May 2012 to April 2018. A detailed schedule for both the multifamily and hotel timelines is included in the appendix as well as the construction schedule. Below is a list of key dates in the schedules:

7/23/12 – Parcels Under Contract  
9/24/12 – Due Diligence for main parcels ends  
9/10/13 – Rezoning Approval  
10/8/13 – Contract Closing  
5/13/14 – Site Plan Approval  
5/14/14 – Site Work Begins  
8/01/14 – Loan Closings/Building Permits Issued  
9/25/15 – Multifamily completed  
3/11/16 – Hotel Completed

## Section 8: Financial

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Both phase of the project show strong potential returns, with un-levered IRRs in the 7-10% range and levered IRRs 11-17%. Consolidated the total Un-levered IRR return is 8.5% and the levered IRR is 14% under expected scenarios.

The total equity that will be required for Phase I & II is approximately \$24.7M. Park Center, LLC has joined with a private equity fund to provide the equity requirement. Park Center, LLC will co-manage the project with fund, with the fund being the preferred returns investor.

Detailed schedules of all cost, loans, and payments due are included in the appendix proformas.

## Section 9: Project Management Plan

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Park Center, LLC has recently been formed as a special purpose vehicle consisting of myself and other investment partners I wish to submit. Park Center, LLC will then become members of 3 separate entities Park Center Residential, LLC; Park Center Hospitality, LLC; and eventually Park Center Office, LLC. I will act as the managing member of Park Center, LLC, and subsequently be co-managing member in the three sub-LLCs.

I will act as the Development manager for the overall project, working closely with the development consultant Coleman Rector and a team of 2-3 individuals yet to be hired. The Park Center, LLC team will work diligently to submit plans



As identified earlier, WDG will be the overall Architect for the development, having experience in all three uses and will generate some cost savings for awarding them all three buildings.

Bozzuto will be the residential contractor and ultimate management of the Residential units.

Financing is expected to be negotiated during the design phase for both projects and close simultaneously with building permits being issued.

## **Section 10: Conclusions and Recommendations**

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As indicated before, the analysis in this report indicates the highest and best use of the land is a mixed use project containing multifamily, hotel, and Class A office.

It is recommended that the development be phased into three parts, but that due to an improving hospitality market the hotel in phase 2 be constructed concurrently with the residential. This will also aid in approvals in getting residential approved in the REC planning zone.

Phase 3, the office, is recommended to be stopped after zoning approval and the site plan not submitted. Prince William county offers and expedited site plan approval for corporate development, as little as 30 days, and with the zoning approved and majority of site work already completed Park Center, LLC will be in position to act quickly should the office market improve.

## **Appendixes**

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### **A.1 – Multifamily Proforma**

### **A.2 – Hotel Proforma**

### **A.3 – Development Schedules**

# **Appendix A.1**

## **Multifamily Proforma Financials**

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# The Landing at Park Center

## Summary

### Building

GSF	333,150
Total RSF	270,938
Market Rate RSF	270,938
Affordable RSF	0
Average Unit Size	1,063
Units	255
Parking Spaces	395

### Leasing

Regular Rent per SF per Month	\$ 1.94
Affordable Rent per SF per Month	\$ -
Total Average Rent per SF per Month	\$ 1.94
Blended Parking Income per Space per Month	\$31
Other Income (as a % of Rental Income)	2.0%
Vacancy	5.00%

### Schedule

	Start	Completion	Months
Construction (months)	8/4/14	9/30/15	13.9
Construction Start to Stabilization (months)	8/4/14	11/25/16	27.7

### First-Year Stabilized NOI

Rent	\$ 6,615,885
Parking Revenues (NNN)	\$ 158,139
Other Income	\$ 132,318
Gross Potential Income	\$ 6,906,342
Less Vacancy (5%)	\$ (338,701)
Total Operating Income	\$ 6,567,641
Less Operating Expenses	\$ (2,786,723)
Stabilized NOI	\$ 3,780,917

IRR	17.01%
UL IRR	6.57%

Print Date

5/8/2012

Analysis Date

5/1/2012

### Project Costs

Land & Closing Costs	\$ 11,660,000
<b>Hard Costs</b>	
Site Construction Costs	\$ 4,238,336
Preconstruction Services	\$ -
GC Fee	\$ 3,315,942
Base Building Hard Costs	\$ 20,835,501
Garage	\$ -
FF & E	\$ 977,870
Construction Contingency <sup>1</sup>	\$ 1,253,692
<b>Total Hard Costs</b>	\$ 30,621,341
<b>Soft Costs</b>	
A & E Base Building	\$ 2,040,000
Fees, Bonds, Permits and Proffers	\$ 4,445,126
Utility Fees	\$ 3,825,000
Inspections & Testing	\$ 130,000
Misc. Administration & Transaction Costs	\$ 1,036,721
Marketing/Advertising	\$ 790,500
Development Fees <sup>2</sup>	\$ 1,909,598
Construction Period Expenses	\$ 638,762
Lender Fees/Closing Costs	\$ 1,308,611
Lender Administration Fee	\$ 90,000
Lender Inspection Fee	\$ 35,000
Soft Cost Contingency <sup>3</sup>	\$ 695,368
<b>Total Soft Costs</b>	\$ 16,944,687
Lease-up CF Deficit	\$ 529,828
Interest during Construction	\$ 1,418,477
<b>Total Construction Interest and Deficit</b>	\$ 1,948,306
<b>Total Project Costs</b>	<b>\$ 61,174,333</b>
Construction Loan	\$ 44,500,000
Equity	\$ 16,674,333
LTC (Net of Interest)	75%

<sup>1</sup> 5% of total hard costs excluding preconstruction services, GC fee, and FF&E.

<sup>2</sup> 5% of total costs excluding land, hard and soft cost contingencies, FF&E, construction interest, lender fees and closing costs.

<sup>3</sup> 5% of total soft costs excluding all lender fees and closing costs

# ASSUMPTIONS

Analysis Date 5/1/2012  
Print Date 5/8/2012

Building Gross SF	333,150	Garage Gross SF	27,094
Rentable SF Retail	0		
Rentable SF Residential	270,938		
Total Rentable SF	270,938	Parking Spaces	395
Efficiency Ratio	81.3%		
Apartment Square Feet (RSF)	1063	Regular Rent	\$ 1.94
Number of Apartments	255	Affordable Rent	\$0.00
Loan-to-Cost	72.7%		
Construction Interest Rate	4.50%		
Date of Closing	Oct-13		
Rent Escalation Start Date	Jun-13	Regular RSF	270,938
Cost Escalation Rate (per month)	0.00%	Affordable RSF	0
Stabilization	11/25/16	Months to Stabilization	28.0
Construction Start	08/04/14	Management Fee	4%
	(in 2012\$)	(in 2017 \$)	(in 2017 \$)
Residential Rent	Mo/SF	Mo/SF	Yr/SF
Residential Expenses	\$1.94	\$2.03	\$24.42
Retail Rent	\$0.80	\$0.86	\$10.29
Blended Garage Income (NNN Space/Month)	\$0.00	\$0.00	\$2,623
	\$31	\$33	
			Esc %
			2.0%
			3.0%
			0.0%
			3.0%
Space Type	Rate	Spaces	Rate
Standard	\$0	288	\$0
Premium Reserved	\$150	82	\$12,300
Compact	\$0	10	\$0
Electric Equipped	\$0	5	\$0
Handicapped	\$0	10	\$0
Subtotal	\$31.14	395	\$12,300
Blended Rate	\$31	395	\$12,300
Other Income	2.00%	of Total Rental Income (excluding parking)	
Vacancy Loss	5.00%		
Initial Stabilized NOI	(in 2012 \$)	(in 2017 \$)	
Rent	\$6,317,146	\$6,615,885	
Parking Revenues (NNN)	147,600	158,139	
Other Income	126,343	132,318	
Gross Potential Income	6,591,088	6,906,342	
Less Vacancy (5%)	(323,237)	(338,701)	
Total Operating Income	6,267,851	6,567,641	
Less Operating Expenses	(2,601,000)	(2,786,723)	
Stabilized NOI	\$3,666,851	\$3,780,917	
Project Costs	Amount		
	(in 2012 \$)	\$ Per GSF	\$ Per Unit
Land & Closing Costs			% of Costs
Land	\$11,000,000	\$33.02	\$43,137
Closing Costs	\$660,000	\$1.98	\$2,588
Total Land	\$11,660,000	\$35.00	\$45,725
Hard Costs <sup>(1)</sup>			
Site Construction Costs	\$4,238,336	\$12.72	\$16,621
Preconstruction Services	\$0	\$0.00	\$0
GC Fee	\$3,315,942	\$9.95	\$13,004
Base Building Hard Costs	\$20,835,501	\$62.54	\$81,708
Garage	\$0	\$0.00	\$0
FF & E	\$977,870	\$2.94	\$3,835
Construction Contingency <sup>2</sup>	\$1,253,692	\$3.76	\$4,916
Total Hard Costs	\$30,621,341	\$91.91	\$120,084
Soft Costs			
A & E Base Building	\$2,040,000	\$6.12	\$8,000
Fees, Bonds, Permits and Proffers	\$4,445,126	\$13.34	\$17,432
Utility Fees	\$3,825,000	\$11.48	\$15,000
Inspections & Testing	\$130,000	\$0.39	\$510
Misc. Administration & Transaction Costs	\$1,036,721	\$3.11	\$4,066
Marketing/Advertising	\$790,500	\$2.37	\$3,100
Construction Period Expenses <sup>3</sup>	\$638,762	\$1.92	\$2,505
Development Fees <sup>4</sup>	\$1,909,598	\$5.73	\$7,489
Lender Fees/Closing Costs	\$1,308,611	\$3.93	\$5,132
Lender Administration Fee	\$90,000	\$0.27	\$353
Lender Inspection Fee	\$35,000	\$0.11	\$137
Soft Cost Contingency <sup>5</sup>	\$695,368	\$2.09	\$2,727
Lease-up Deficit	\$529,828	\$1.59	\$2,078
Total Soft Costs	\$17,474,515	\$52.45	\$68,528
Interest during Construction	\$1,418,477	\$4.26	\$5,563
Total Project Costs	\$61,174,333	\$183.62	\$239,899
Total Project Costs w/o Land	\$49,514,333	\$148.62	\$194,174
Initial Stabilized Cash-on-Cash Return		6.18%	

## Notes/Assumptions

<sup>1</sup> Numbers are based on comparisons of multiple similar projects, includes some additional sitework needed for all phases

<sup>2</sup> 5% of total hard costs excluding preconstruction services, GC fee, and FF&E.

<sup>3</sup> Represents real estate taxes, general liability and builder's risk insurance during construction.

<sup>4</sup> 5% of total costs excluding land, hard and soft cost contingencies, FF&E, construction interest, lender fees and closing costs.

<sup>5</sup> % of total soft costs excluding all lender fees and closing costs



# The Landing at Park Center

## Sources & Uses

<b><u>Sources</u></b>	<b><u>Amount</u></b>	<b><u>%</u></b>	<b><u>\$/Unit</u></b>	<b><u>\$/RSF</u></b>
Construction Loan	\$44,500,000	72.7%	\$174,510	\$164
Equity	16,674,333	27.3%	65,390	62
<b>Total Sources</b>	<b>\$61,174,333</b>	<b>100.0%</b>	<b>\$239,899</b>	<b>\$226</b>

<b><u>Uses</u></b>				
Land Cost	\$11,660,000	19.1%	\$45,725	\$43
Hard Costs	30,621,341	50.1%	120,084	113
Soft Costs	16,040,904	26.2%	62,906	59
Financing Costs	2,852,088	4.7%	11,185	11
<b>Total Uses</b>	<b>\$61,174,333</b>	<b>100.0%</b>	<b>\$239,899</b>	<b>\$226</b>

# The Landing at Park Center

Total Project Costs		Total Cost	Per Unit	\$ Per GSF	\$ Per RSF
Land Cost		\$ 11,660,000	\$ 45,725	\$ 35.00	\$ 43.04
Hard Construction Costs <sup>1</sup>		\$ 30,621,341	\$ 120,084	\$ 91.91	\$ 113.02
Soft Costs					
Design and Engineering		\$ 2,040,000	\$ 8,000	\$ 6.12	\$ 7.53
Fees, Bonds, Permits and Proffers		\$ 4,445,126	\$ 17,432	\$ 13.34	\$ 16.41
Utility Fees		\$ 3,825,000	\$ 15,000	\$ 11.48	\$ 14.12
Inspections & Testing		\$ 130,000	\$ 510	\$ 0.39	\$ 0.48
Misc. Administration & Transaction Costs		\$ 1,036,721	\$ 4,066	\$ 3.11	\$ 3.83
Marketing/Advertising		\$ 790,500	\$ 3,100	\$ 2.37	\$ 2.92
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Development Fees <sup>3</sup>	5.0%	\$ 1,909,598	\$ 7,489	\$ 5.73	\$ 7.05
Soft Cost Contingency <sup>4</sup>	5.0%	\$ 695,368	\$ 2,727	\$ 2.09	\$ 2.57
Lease-up Cash Flow Deficit		\$ 529,828	\$ 2,078	\$ 1.59	\$ 1.96
<b>Total Soft Costs</b>		<b>\$ 16,040,904</b>	<b>\$ 62,906</b>	<b>\$ 48.15</b>	<b>\$ 59.21</b>
Financing Costs					
Interest	4.50%	\$ 1,418,477	\$ 5,563	\$ 4.26	\$ 5.24
Lender Fees/Closing Costs <sup>5</sup>		\$ 1,308,611	\$ 5,132	\$ 3.93	\$ 4.83
Lender Administration Fee		\$ 90,000	\$ 353	\$ 0.27	\$ 0.33
Lender Inspection Fee		\$ 35,000	\$ 137	\$ 0.11	\$ 0.13
<b>Total Carrying &amp; Closing Costs</b>		<b>\$ 2,852,088</b>	<b>\$ 11,185</b>	<b>\$ 8.56</b>	<b>\$ 10.53</b>
<b>Total Project Cost</b>		<b>\$ 61,174,333</b>	<b>\$ 239,899</b>	<b>\$ 183.62</b>	<b>\$ 225.79</b>

## Notes/Assumptions

<sup>1</sup> Figure is based on preconstruction services budget provided by Davis Construction; includes GC Fee of 4.25% and conting of 5% (excluding preconstruction services, the GC fee, and FF&E).

<sup>2</sup> Includes real estate taxes, general liability and builder's risk insurance during construction.

<sup>3</sup> Development fee is 3% of total costs excluding land, hard and soft cost contingencies, FF&E, construction interest, lease-flow deficit, all lender fees and closing costs.

<sup>4</sup> 5% of total costs excluding land, hard and soft cost contingencies, FF&E, construction interest, lender fees and closing cc and construction interest.

<sup>5</sup> Includes legal fees, 45 bp origination fee, \$100,000 in other closing fees, and \$40,000 annual administration fee.

## The Landing at Park Center

## 10 Year Cash Flow

	Stabilized									
FY Beginning 11/2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Residential Revenue	\$6,615,885	\$6,748,203	\$6,883,167	\$7,020,830	\$7,161,247	\$7,304,472	\$7,450,561	\$7,599,572	\$7,751,564	\$7,906,595
Parking Revenue	\$158,139	\$162,884	\$167,770	\$172,803	\$177,987	\$183,327	\$188,827	\$194,491	\$200,326	\$206,336
Other Revenue	\$132,318	\$134,964	\$137,663	\$140,417	\$143,225	\$146,089	\$149,011	\$151,991	\$155,031	\$158,132
Gross Potential Income	\$6,906,342	\$7,046,050	\$7,188,600	\$7,334,050	\$7,482,459	\$7,633,888	\$7,788,399	\$7,946,055	\$8,106,921	\$8,271,063
Vacancy Loss	(\$338,701)	(\$345,554)	(\$352,547)	(\$359,682)	(\$366,962)	(\$374,390)	(\$381,969)	(\$389,703)	(\$397,594)	(\$405,647)
Total Operating Income	\$6,567,641	\$6,700,496	\$6,836,053	\$6,974,368	\$7,115,497	\$7,259,498	\$7,406,430	\$7,556,352	\$7,709,327	\$7,865,416
Less Operating Expenses	\$2,786,723	\$2,870,325	\$2,956,435	\$3,045,128	\$3,136,482	\$3,230,576	\$3,327,494	\$3,427,318	\$3,530,138	\$3,636,042
Less: Mgmt Fees	\$262,706	\$268,020	\$273,442	\$278,975	\$284,620	\$290,380	\$296,257	\$302,254	\$308,373	\$314,617
<b>NOI</b>	<b>\$3,518,212</b>	<b>\$3,562,151</b>	<b>\$3,606,176</b>	<b>\$3,650,265</b>	<b>\$3,694,395</b>	<b>\$3,738,542</b>	<b>\$3,782,679</b>	<b>\$3,826,780</b>	<b>\$3,870,816</b>	<b>\$3,914,758</b>
<b>Total Project Costs</b>	<b>\$61,174,333</b>									
<b>Cash on Cash Yield %</b>	<b>5.75%</b>	<b>5.82%</b>	<b>5.89%</b>	<b>5.97%</b>	<b>6.04%</b>	<b>6.11%</b>	<b>6.18%</b>	<b>6.26%</b>	<b>6.33%</b>	<b>6.40%</b>

### Leasing Assumptions

## Stabilization

November-16

[illegible]

Year 1 Cap

6.00%

Year 10 Cap

6.50%

LTV

70%

\$41,045,803.23

# The Landing at Park Center

## Detailed Cost

LOCATION:	Woodbridge VA	BID TYPE	BUDGET	Soft Cost	
ARCHITECT:	WDG	SIZE	333,150 GSF ABOVE GRADE	Broker Fee	\$400,000
OWNER:	Park Center LLC	GARAGE		Building Permit	\$500,000
DATE	4/23/2012	CONST. TYPE	3A	Architect Design Fee	\$1,530,000
		LEVELS AG	5	Architect Supervision Fee	\$510,000
		DURATION	16 Months	Tap Fees	\$3,825,000
		Projected Cost		Soil Borings	\$30,000
DIVISION	DESCRIPTION	255 Units		County Fees	\$ 3,626,376
CSTCODE		333,150 GSF		Water Quality Monitoring	\$ 1,819.14
	GENERAL CONDITIONS			Fire and Rescue	\$ 129,795.00
1025	BONDS			Fire and Rescue (Hotel/Office)	\$ -
1050	LICENSES	55,000.00		Housing	\$ 63,750.00
1100	INSURANCE	220,000.00		Libraries	\$ 106,590.00
1150	PERMITS	-		Parks and Open Space	\$ 683,145.00
1200	ENGINEERING	18,500.00		Schools	\$ 1,283,415.00
1250	TESTING	-		Transportation	\$ 1,340,790.00
1300	TEMP. PHONE	6,000.00		Rezoning Fee (PMD) Standard	\$ 8,491.00
1350	TEMP. ELECTRIC	42,500.00		Rezoning Fee (PMD)	\$ 6,370.00
1400	TEMP. TOILET	8,800.00		Service Authority Review	\$ 52.00
1450	TEMP. SAFTY	5,000.00		PWC TIA Review Fee	\$ 1,159.00
1500	OFFICE TRAILER	7,500.00		VDOT 527 Review	\$ 1,000.00
1700	TRASH REMOVAL	112,000.00		Construction Interest	\$1,418,477
1800	CLEAN UP	5,000.00		Taxes During Construction	\$36,578
	FINAL CLEAN	70,000.00		Insurance During Construction	\$102,185
1810	TEMP. WATER	1,500.00		Lender Fees	
1820	PROJECT SIGN	2,000.00		Title and Recording	\$51,000
1830	CPM	-		Legal Fees	\$255,000
1840	TEMP. FENCE/BARRICADES	12,500.00		Permanent Loan Fee	\$150,000
1850	PROGRESS PHOTOS	-		Marketing	\$790,500
1860	TEMP. HEAT	21,000.00		Environmental Study	\$100,000
1865	CHIEF SUPERINTENDENT	-		Appraisal Fee	\$10,000
	MANUALS & OPERATIONAL DATA	-		Market Study	\$8,500
1870	WARRANTY	-		Operating Reserve	\$500,000
1875	PROJECT MANAGER	143,000.00		Affordable Contribution	\$63,750
1900	GENERAL SUPERINTENDENT	171,600.00		Subtotal:	\$13,907,366
1925	ASST. SUPERINTENDENT	83,850.00		Contingency	5% \$695,368.30
1950	FIELD CLERK	-		Const Sup/G & A	3% \$417,220.98
1975	UNCLASSIFIED LABOR	16,250.00		Developer Fee	5% \$1,909,598
1980	HOIST	80,000.00		Total Soft Costs:	\$16,929,554
1999	ALL OTHER	-		Soft Cost as % of total costs	
		-			
	SUBTOTAL	1,082,000.00			
		-			
	DEMOLITION-SITE WORK	-			
2100	DEMOLITION	-		Design and Engineering	\$2,040,000
	HAZ. MATERIAL REMOVAL	-		Fees, Bonds, Permits and Proffers	\$4,445,126
	EROSION CONTROL	250,000.00		Utility Fees	\$3,825,000
2050	EXCAVATION	500,000.00		Inspections & Testing	\$130,000
2200	BACKFILL & FINEGRADE	500,000.00		Misc. Administration & Transaction Costs	\$1,036,721
2250	SITE UTILITIES	750,000.00		Marketing/Advertising	\$790,500
2275	UNDERGROUND UTILITIES	-		Construction Period Expenses <sup>2</sup>	\$638,762
2350	UNSUITABLE SOIL ALLOWANCE	50,000.00		Development Fees <sup>3</sup>	\$1,909,598
2400	TERMITE CONTROL	3,642.86		Soft Cost Contingency <sup>4</sup>	\$695,368
2450	PAVING	1,500,000.00			\$15,511,076
2500	PAVING - STONE	-			
2550	PARKING LOT LINES	20,000.00			
2600	LANDSCAPING	500,000.00		Interest	\$1,418,477
	IRRIGATION SYSTEM	-		Lender Fees/Closing Costs	\$0
2650	SEEDING/SODDING	-		Lender Administration Fee	\$0
2675	FOUNDATION DRAINS	27,321.43		Lender Inspection Fee	\$0
2700	CURB & GUTTER	22,622.14			\$1,418,477
2750	SIDEWALKS & HANDICAP RAMPS	18,214.29			\$16,929,554
	BRICK PAVERS	63,750.00			
2940	POLE BASES	18,214.29			
2989	LANDSCAPE FURNITURE	14,571.43			
	SUBTOTAL	4,238,336.43			
		-			
	CONCRETE	-			
3100	CONCRETE SLABS	212,850.00			
3999	CONCRETE - GYPCRETE	200,000.00			
	SUBTOTAL	412,850.00			
		-			
	MASONRY	-			
4050	MASONRY WORK	200,000.00			
4112	BRICK VENEER	500,000.00			
	SUBTOTAL	1,200,000.00			
		-			
	STEEL	-			
5150	ALUMINIUM - RAILINGS	200,000.00			
	SUBTOTAL	200,000.00			
		-			
	WOOD & PLASTICS	-			
6050	LUMBER - ROUGH CARPENTRY	2,777,897.14			
6100	MILLWORK & FINISH CARPENTRY	318,750.00			
	CASEWORK AND CABINETS	765,000.00			
	PUNCH LIST	255,000.00			
6150	COMMON AREA MILLWORK	364,285.71			
6999	GRANITE TOPS	459,000.00			
	SUBTOTAL	4,939,932.86			
		-			
	THERMAL & MOISTURE PROTECTION	-			
7050	WATERPROOFING	350,000.00			
7100	ROOFING	325,000.00			
	SIDING	300,000.00			
7200	INSULATION	225,000.00			



The Landing at Park Center

7275 CAULKING SUBCONTRCT	30,053.57
7375 SKYLIGHTS	10,000.00
7400 SPRAY FIREPROOFING	22,767.86
SUBTOTAL	1,262,821.43
DOORS & WINDOWS	-
8100 WINDOWS	431,796.96
8150 HARDWARE - ROUGH	36,428.57
8250 HOLLOW METAL	402,863.57
8300 WOOD DOORS	408,746.79
8350 OVERHEAD DOORS	33,696.43
8500 UNIT ENTRY DOORS	82,875.00
SUBTOTAL	1,396,407.32
FINISHES	-
9050 DRYWALL	1,400,000.00
9100 CERAMIC TILE	359,550.00
9200 RESILIENT FLOORING	36,428.57
9250 CARPET	393,373.93
9400 PAINTING	491,785.71
9475 WOOD FLOORING	702,707.14
SUBTOTAL	3,383,845.36
SPECIALTIES	-
10050 TOILET - ACCESSORIES	85,516.07
10150 SIGNS	19,125.00
FIRE EXTINGUISHERS	4,553.57
10180 METAL SHELVING	76,500.00
10250 LOUVERS	1,500.00
10300 DIRECTORIES	1,500.00
SUBTOTAL	188,694.64
EQUIPMENT	-
11010 PROJECTION SCREENS	3,500.00
11015 BENCH SEATS	9,107.14
11025 MAIL BOXES	20,000.00
11030 GYM EQUIPMENT	75,000.00
11050 APPLIANCES	714,000.00
SUBTOTAL	821,607.14
FURNISHINGS	-
12100 WALK OFF MATS	7,012.50
12150 SWIMMING POOL	50,000.00
WINDOW TREATMENT/BLINDS	89,250.00
12250 RACQUET BALL COURTS	10,000.00
SUBTOTAL	156,262.50
SPECIAL CONSTRUCTION	-
12180 CHUTES	20,000.00
SUBTOTAL	20,000.00
CONVEYING SYSTEMS	-
14050 ELEVATORS	400,000.00
14999 CONVEYANCE - ALL OTHER	7,285.71
SUBTOTAL	407,285.71
MECHANICAL	-
15050 HVAC	2,105,571.43
15100 PLUMBING	2,070,782.14
15150 SPRINKLER SYSTEM	788,381.68
SUBTOTAL	4,964,735.25
ELECTRICAL	-
16050 ELECTRICAL	2,458,928.57
SUBTOTAL	2,458,928.57
TOTAL OF DIRECT COSTS	27,133,707.21
INCLUDING GENERAL COND. & BOND	247,714.29
0% DISCOUNT SUBCONTRACTORS	-
1.5% OVERHEAD	453,131.69
5% PROFIT	1,533,095.53
5% Contingency	1,253,691.88
PROJECT TOTAL	30,621,340.60

COST PER GSF	\$ 91.91
COST PER UNIT	\$ 120,083.69

Site Construction Costs	4,238,336.43
Preconstruction Services	-
GC Fee	3,315,941.50
Base Building Hard Costs	20,835,501.14
Garage	0
FF & E	977,869.64
Construction Contingency 2	1,253,691.88
PROJECT TOTAL	30,621,340.60

# The Landing at Park Center

## Schedule

Milestone	Start	Finish		
Property Under Contract	May-12	Jul-12		
Contract Closing	Sep-13	Oct-13		
Zoning/Entitlements Approval	Sep-12	May-14		
Sitework	May-14	Aug-14		
Building Permit Issued		Aug-14		
Loan Closing		Aug-14		
Building Construction	Aug-14	Sep-15		
Lobby/Leasing Area Turnover		Mar-15		
First Unit Turnover		Jun-15		
Project Completion		Sep-15		
Stabilization		Nov-16	17.8 months	
Leaseup pace (includes 3 months of preleasing)			20.8	12.3 units/month
Construction Schedule			13.7 months	

# The Landing at Park Center

## DRAW SCHEDULE

				8/4/14	9/4/14	10/4/14	11/4/14	12/4/14	1/4/15	2/4/15
				1	2	3	4	5	6	
	Budget	Variance	Draw Total	Thru Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Land Cost	\$ 11,000,000	OK	\$ 11,000,000	\$ 11,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Costs	\$ 660,000	OK	\$ 660,000	\$ 660,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Land Costs</b>	<b>\$ 11,660,000</b>	<b>OK</b>	<b>\$ 11,660,000</b>	<b>\$ 11,660,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<i>Cumulative</i>				\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000
Site Construction Costs	\$ 4,238,336	OK	\$ 4,238,336	\$ 600,000	\$ 1,500,000	\$ 1,000,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Base Building Hard Costs	\$ 24,151,443	OK	\$ 24,151,443	\$ 1,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Garage	\$ -	OK	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FF & E	\$ 977,870	OK	\$ 977,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Construction Contingency	\$ 1,253,692	OK	\$ 1,253,692	\$ -	\$ 260,406	\$ 170,758	\$ 132,338	\$ 132,338	\$ 132,338	\$ 140,876
				5%	16%	14%	11%	11%	11%	11%
<b>Total Hard Costs</b>	<b>\$ 30,621,341</b>	<b>OK</b>	<b>\$ 30,621,341</b>	<b>\$ 1,600,000</b>	<b>\$ 4,760,406</b>	<b>\$ 4,170,758</b>	<b>\$ 3,232,338</b>	<b>\$ 3,232,338</b>	<b>\$ 3,232,338</b>	<b>\$ 3,440,876</b>
<i>Cumulative</i>				\$ 1,600,000	\$ 6,360,406	\$ 10,531,165	\$ 13,763,503	\$ 16,995,840	\$ 20,228,178	\$ 23,669,054
A & E Base Building	\$ 2,040,000	OK	\$ 2,040,000	\$ 1,000,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Fees, Bonds, Permits and Proffers	\$ 4,445,126	OK	\$ 4,445,126	\$ 3,800,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 50,000	\$ 50,000
Utility Fees	\$ 3,825,000	OK	\$ 3,825,000	\$ 2,500,000	\$ 500,000	\$ 500,000	\$ 125,000	\$ -	\$ -	\$ -
Inspections & Testing	\$ 130,000	OK	\$ 130,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc. Administration & Transaction Costs	\$ 1,036,721	OK	\$ 1,036,721	\$ 500,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Marketing/Advertising	\$ 790,500	OK	\$ 790,500	\$ 100,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Development Fee	\$ 1,909,598	OK	\$ 1,909,598	\$ 429,654	\$ 240,321	\$ 219,178	\$ 158,144	\$ 152,747	\$ 150,588	\$ 159,593
Construction Period Expenses	\$ 638,762	OK	\$ 638,762	\$ 300,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Lender Fees/Closing Costs	\$ 1,308,611	OK	\$ 1,308,611	\$ 1,308,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lender Administration Fee	\$ 90,000	OK	\$ 90,000	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -
Lender Inspection Fee	\$ 35,000	OK	\$ 35,000	\$ -	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250
Soft Cost Contingency	\$ 695,368	OK	\$ 695,368	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Leaseup Cash Flow Deficit	\$ 529,828	OK	\$ 529,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
				63%	7%	7%	4%	3%	3%	3%
Interest - Construction Loan	\$ 1,418,477	OK	\$ 1,418,477	\$ -	\$ 25,027	\$ 46,897	\$ 66,971	\$ 81,554	\$ 95,702	\$ 109,746
<b>Total Soft Costs</b>	<b>\$ 18,892,993</b>	<b>ERROR</b>	<b>\$ 18,892,992</b>	<b>\$ 10,088,265</b>	<b>\$ 1,071,599</b>	<b>\$ 1,182,325</b>	<b>\$ 656,366</b>	<b>\$ 540,551</b>	<b>\$ 512,540</b>	<b>\$ 525,588</b>
<i>Cumulative</i>				\$ 10,088,265	\$ 11,159,864	\$ 12,342,189	\$ 12,998,555	\$ 13,539,106	\$ 14,051,646	\$ 14,577,234
<b>Total</b>	<b>\$ 61,174,333</b>	<b>OK</b>	<b>\$ 61,174,333</b>	<b>\$ 23,348,265</b>	<b>\$ 5,832,005</b>	<b>\$ 5,353,083</b>	<b>\$ 3,888,704</b>	<b>\$ 3,772,889</b>	<b>\$ 3,744,878</b>	<b>\$ 3,966,464</b>
<i>Cumulative</i>	---	---	---	\$ 23,348,265	\$ 29,180,270	\$ 34,533,354	\$ 38,422,057	\$ 42,194,946	\$ 45,939,824	\$ 49,906,288

## FUNDING SCHEDULE

	Budget	Variance	Draw Total	Thru Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
<b>Beginning Equity Balance</b>					\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333
Equity Funded	\$16,674,333	OK	\$16,674,333	\$ 23,348,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Repayment				\$ (6,673,932)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cumulative Equity Invested</b>				<b>\$ 16,674,333</b>	<b>\$ 16,674,333</b>	<b>\$ 16,674,333</b>	<b>\$ 16,674,333</b>	<b>\$ 16,674,333</b>	<b>\$ 16,674,333</b>	<b>\$ 16,674,333</b>
Beginning Loan Balance				\$ -	\$ 6,673,932	\$ 12,505,937	\$ 17,859,021	\$ 21,747,724	\$ 25,520,613	\$ 29,265,491
Construction Loan Draws	\$44,500,000		\$44,500,002	\$ 6,673,932	\$ 5,832,005	\$ 5,353,083	\$ 3,888,704	\$ 3,772,889	\$ 3,744,878	\$ 3,966,464
<b>Cumulative Construction Loan</b>				<b>\$ 6,673,932</b>	<b>\$ 12,505,937</b>	<b>\$ 17,859,021</b>	<b>\$ 21,747,724</b>	<b>\$ 25,520,613</b>	<b>\$ 29,265,491</b>	<b>\$ 33,231,955</b>

\$ -

# The Landing at Park Center

## DRAW SCHEDULE

	3/4/15 7	4/4/15 8	5/4/15 9	6/4/15 10	7/4/15 11	8/4/15 12	9/4/15 13	10/4/15 14	11/4/15 15	12/4/15 16
	Mar-15	Apr-15	May-15	Jun-15	1st Turnover Jul-15	Aug-15	Completion Sep-15	Oct-15	Nov-15	Dec-15
Land Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Land Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Cumulative</i>	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000
Site Construction Costs	\$ 100,000	\$ 638,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Building Hard Costs	\$ 1,000,000	\$ 1,000,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 400,000	\$ 200,000	\$ 51,443
Garage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FF & E	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 77,870	\$ -	\$ -
Construction Contingency	\$ 51,227	\$ 74,209	\$ 25,614	\$ 25,614	\$ 25,614	\$ 25,614	\$ 25,614	\$ 20,400	\$ 8,538	\$ 2,196
	4%	6%	2%	2%	2%	2%	2%	2%	1%	0%
<b>Total Hard Costs</b>	\$ 1,251,228	\$ 1,812,545	\$ 625,614	\$ 625,614	\$ 625,614	\$ 625,614	\$ 625,614	\$ 498,270	\$ 208,538	\$ 53,639
<i>Cumulative</i>	\$ 24,920,281	\$ 26,732,826	\$ 27,358,440	\$ 27,984,054	\$ 28,609,668	\$ 29,235,282	\$ 29,860,895	\$ 30,359,165	\$ 30,567,703	\$ 30,621,342
A & E Base Building	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 40,000	
Fees, Bonds, Permits and Proffers	\$ 50,000	\$ 50,000	\$ 45,126							
Utility Fees			\$ 70,000	\$ 50,000	\$ 50,000	\$ 10,000	\$ 10,000	\$ 10,000		
Inspections & Testing						\$ 10,000	\$ 10,000	\$ 10,000		
Misc. Administration & Transaction Costs	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 86,721
Marketing/Advertising	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000
Development Fee	\$ 62,882	\$ 90,359	\$ 37,600	\$ 34,787	\$ 35,867	\$ 34,572	\$ 40,849	\$ 32,311	\$ 14,781	\$ 7,140
Construction Period Expenses	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 38,762	\$ -
Lender Fees/Closing Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lender Administration Fee	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -	\$ -
Lender Inspection Fee	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250
Soft Cost Contingency	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 170,368	\$ -	\$ -	\$ -
Leaseup Cash Flow Deficit	\$ -	\$ -	\$ -	\$ -	\$ 158,918	\$ 62,403	\$ 89,865	\$ 69,391	\$ 50,632	\$ 39,729
	2%	2%	2%	1%	3%	2%	3%	2%	1%	1%
Interest - Construction Loan	\$ 124,620	\$ 130,789	\$ 139,507	\$ 143,441	\$ 147,135	\$ 151,574	\$ 155,513	\$ -	\$ -	\$ -
<b>Total Soft Costs</b>	\$ 393,752	\$ 512,397	\$ 423,483	\$ 359,479	\$ 558,171	\$ 424,799	\$ 607,846	\$ 362,953	\$ 200,425	\$ 159,840
<i>Cumulative</i>	\$ 14,970,986	\$ 15,483,383	\$ 15,906,866	\$ 16,266,344	\$ 16,824,515	\$ 17,249,314	\$ 17,857,160	\$ 18,220,113	\$ 18,420,538	\$ 18,580,378
<b>Total</b>	\$ 1,644,979	\$ 2,324,943	\$ 1,049,096	\$ 985,092	\$ 1,183,784	\$ 1,050,413	\$ 1,233,460	\$ 861,223	\$ 408,963	\$ 213,479
<i>Cumulative</i>	\$ 51,551,267	\$ 53,876,209	\$ 54,925,306	\$ 55,910,398	\$ 57,094,183	\$ 58,144,596	\$ 59,378,056	\$ 60,239,278	\$ 60,648,241	\$ 60,861,720

## FUNDING SCHEDULE

	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
<b>Beginning Equity Balance</b>	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333
Equity Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Repayment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cumulative Equity Invested</b>	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333
Beginning Loan Balance	\$ 33,231,955	\$ 34,876,934	\$ 37,201,876	\$ 38,250,973	\$ 39,236,065	\$ 40,419,849	\$ 41,470,263	\$ 42,703,722	\$ 43,564,945	\$ 43,973,908
Construction Loan Draws	\$ 1,644,979	\$ 2,324,943	\$ 1,049,096	\$ 985,092	\$ 1,183,784	\$ 1,050,413	\$ 1,233,460	\$ 861,223	\$ 408,963	\$ 213,479
<b>Cumulative Construction Loan</b>	\$ 34,876,934	\$ 37,201,876	\$ 38,250,973	\$ 39,236,065	\$ 40,419,849	\$ 41,470,263	\$ 42,703,722	\$ 43,564,945	\$ 43,973,908	\$ 44,187,387



# The Landing at Park Center

## DRAW SCHEDULE

	1/4/16 17	2/4/16 18	3/4/16 19	4/4/16 20	5/4/16 21	6/4/16 22	7/4/16 23	8/4/16 24	9/4/16 25	10/4/16 26
	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
Land Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Land Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Cumulative</i>	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000
Site Construction Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Building Hard Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Garage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FF & E	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Total Hard Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Cumulative</i>	\$ 30,621,342	\$ 30,621,342	\$ 30,621,342	\$ 30,621,342	\$ 30,621,342	\$ 30,621,342	\$ 30,621,342	\$ 30,621,342	\$ 30,621,342	\$ 30,621,342
A & E Base Building										
Fees, Bonds, Permits and Proffers										
Utility Fees										
Inspections & Testing									\$ -	
Misc. Administration & Transaction Costs										
Marketing/Advertising	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 15,500		\$ -
Development Fee	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,080	\$ 669	\$ -	\$ -
Construction Period Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lender Fees/Closing Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lender Administration Fee	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Lender Inspection Fee	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250
Soft Cost Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Leaseup Cash Flow Deficit	\$ 30,149	\$ 19,818	\$ 8,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Interest - Construction Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Soft Costs</b>	\$ 67,479	\$ 47,148	\$ 36,251	\$ 37,330	\$ 27,330	\$ 27,330	\$ 37,330	\$ 17,419	\$ 1,250	\$ 11,250
<i>Cumulative</i>	\$ 18,647,857	\$ 18,695,005	\$ 18,731,256	\$ 18,768,585	\$ 18,795,915	\$ 18,823,244	\$ 18,860,574	\$ 18,877,993	\$ 18,879,243	\$ 18,890,493
<b>Total</b>	\$ 67,479	\$ 47,148	\$ 36,251	\$ 37,330	\$ 27,330	\$ 27,330	\$ 37,330	\$ 17,419	\$ 1,250	\$ 11,250
<i>Cumulative</i>	\$ 60,929,199	\$ 60,976,347	\$ 61,012,598	\$ 61,049,927	\$ 61,077,257	\$ 61,104,586	\$ 61,141,916	\$ 61,159,335	\$ 61,160,585	\$ 61,171,835

## FUNDING SCHEDULE

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
<b>Beginning Equity Balance</b>	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333
Equity Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Repayment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cumulative Equity Invested</b>	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333
Beginning Loan Balance	\$ 44,187,387	\$ 44,254,866	\$ 44,302,013	\$ 44,338,264	\$ 44,375,594	\$ 44,402,924	\$ 44,430,253	\$ 44,467,583	\$ 44,485,002	\$ 44,486,252
Construction Loan Draws	\$ 67,479	\$ 47,148	\$ 36,251	\$ 37,330	\$ 27,330	\$ 27,330	\$ 37,330	\$ 17,419	\$ 1,250	\$ 11,250
<b>Cumulative Construction Loan</b>	\$ 44,254,866	\$ 44,302,013	\$ 44,338,264	\$ 44,375,594	\$ 44,402,924	\$ 44,430,253	\$ 44,467,583	\$ 44,485,002	\$ 44,486,252	\$ 44,497,502

# The Landing at Park Center

## DRAW SCHEDULE

	11/4/16 27	12/4/16 28	1/4/17 29
	Nov-16	Dec-16	Stabilization Jan-17
Land Cost	\$ -	\$ -	\$ -
Closing Costs	\$ -	\$ -	\$ -
<b>Total Land Costs</b>	\$ -	\$ -	\$ -
<i>Cumulative</i>	\$ 11,660,000	\$ 11,660,000	\$ 11,660,000
Site Construction Costs	\$ -	\$ -	\$ -
Base Building Hard Costs	\$ -	\$ -	\$ -
Garage	\$ -	\$ -	\$ -
FF & E	\$ -	\$ -	\$ -
Construction Contingency	\$ -	\$ -	\$ -
	0%	0%	0%
<b>Total Hard Costs</b>	\$ -	\$ -	\$ -
<i>Cumulative</i>	\$ 30,621,342	\$ 30,621,342	\$ 30,621,342
A & E Base Building	\$ -	\$ -	\$ -
Fees, Bonds, Permits and Proffers	\$ -	\$ -	\$ -
Utility Fees	\$ -	\$ -	\$ -
Inspections & Testing	\$ -	\$ -	\$ -
Misc. Administration & Transaction Costs	\$ -	\$ -	\$ -
Marketing/Advertising	\$ -	\$ -	\$ -
Development Fee	\$ -	\$ -	\$ -
Construction Period Expenses	\$ -	\$ -	\$ -
Lender Fees/Closing Costs	\$ -	\$ -	\$ -
Lender Administration Fee	\$ -	\$ -	\$ -
Lender Inspection Fee	\$ 1,250	\$ 1,250	\$ -
Soft Cost Contingency	\$ -	\$ -	\$ -
Leaseup Cash Flow Deficit	\$ -	\$ -	\$ -
	0%	0%	0%
Interest - Construction Loan	\$ -	\$ -	\$ -
<b>Total Soft Costs</b>	\$ 1,250	\$ 1,250	\$ -
<i>Cumulative</i>	\$ 18,891,743	\$ 18,892,993	\$ 18,892,993
<b>Total</b>	\$ 1,250	\$ 1,250	\$ -
<i>Cumulative</i>	\$ 61,173,085	\$ 61,174,335	\$ 61,174,335
<b>FUNDING SCHEDULE</b>			
	Nov-16	Dec-16	Jan-17
<b>Beginning Equity Balance</b>	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333
Equity Funded	\$ -	\$ -	\$ -
Equity Repayment	\$ -	\$ -	\$ -
<b>Cumulative Equity Invested</b>	\$ 16,674,333	\$ 16,674,333	\$ 16,674,333
Beginning Loan Balance	\$ 44,497,502	\$ 44,498,752	\$ 44,500,002
Construction Loan Draws	\$ 1,250	\$ 1,250	\$ -
<b>Cumulative Construction Loan</b>	\$ 44,498,752	\$ 44,500,002	\$ 44,500,002

# The Landing at Park Center

## COST SCHEDULE

Land (Includes Closing Costs)	\$11,660,000
Total Soft Costs	\$16,040,904
Total Hard Costs	\$30,621,341

Month #	Month	Soft Costs Per Month	Cumulative	Expected Soft Cost Schedule	Hard Costs Per Month	Cumulative	Expected Hard Cost Schedule	Capitalized Interest	Total Required Draw
-4	Mar-14	0%	0%			0%		\$0	\$0
-3	Apr-14	0%	0%			0%		\$0	\$0
-2	May-14	0%	0%			0%		\$0	\$0
-1	Jun-14	0%	0%			0%		\$0	\$0
0	Jul-14	0.0%	0%	\$0	0.0%	0%		\$0	\$0
1	Aug-14	35.0%	35%	\$5,614,317	2.0%	2%	\$612,427	\$22,368	\$6,249,111
2	Sep-14	20.0%	55%	\$3,208,181	5.0%	7%	\$1,531,067	\$36,484	\$4,775,732
3	Oct-14	8.0%	63%	\$1,283,272	5.0%	12%	\$1,531,067	\$43,868	\$2,858,207
4	Nov-14	5.0%	68%	\$802,045	9.0%	21%	\$2,755,921	\$50,795	\$3,608,760
5	Dec-14	3.0%	71%	\$481,227	9.0%	30%	\$2,755,921	\$77,956	\$3,315,104
6	Jan-15	3.0%	74%	\$481,227	9.0%	39%	\$2,755,921	\$105,281	\$3,342,429
7	Feb-15	3.0%	77%	\$481,227	9.0%	48%	\$2,755,921	\$152,472	\$3,389,620
8	Mar-15	3.0%	80%	\$481,227	9.0%	57%	\$2,755,921	\$199,948	\$3,437,095
9	Apr-15	2.0%	82%	\$320,818	6.0%	63%	\$1,837,280	\$247,710	\$2,405,809
10	May-15	2.0%	84%	\$320,818	5.0%	68%	\$1,531,067	\$280,986	\$2,132,871
11	Jun-15	2.0%	86%	\$320,818	4.0%	72%	\$1,224,854	\$314,463	\$1,860,135
12	Jul-15	2.0%	88%	\$320,818	4.0%	76%	\$1,224,854	\$343,218	\$1,888,889
13	Aug-15	2.0%	90%	\$320,818	4.0%	80%	\$1,224,854	\$372,146	\$1,917,817
14	Sep-15	2.0%	92%	\$320,818	4.0%	84%	\$1,224,854	\$400,505	\$1,946,177
15	Oct-15	2.0%	94%	\$320,818	4.0%	88%	\$1,224,854	\$429,036	\$1,974,708
16	Nov-15	2.0%	96%	\$320,818	4.0%	92%	\$1,224,854	\$457,740	\$2,003,412
17	Dec-15	2.0%	98%	\$320,818	3.0%	95%	\$918,640	\$486,617	\$1,726,075
18	Jan-16	2.0%	100%	\$320,818	3.0%	98%	\$918,640	\$510,743	\$1,750,201
19	Feb-16	0.0%	100%	\$0	1.0%	99%	\$306,213	\$530,090	\$836,303
20	Mar-16	0.0%	100%	\$0	1.0%	100%	\$306,213	\$549,554	\$855,767
21	Apr-16	0.0%	100%	\$0	0.0%	100%	\$0	\$569,136	\$569,136
22	May-16	0.0%	100%	\$0	0.0%	100%	\$0	\$583,910	\$583,910
23	Jun-16	0.0%	100%	\$0	0.0%	100%	\$0	\$598,031	\$598,031
24	Jul-16	0.0%	100%	0	0.0%	100%	\$0	\$0	\$0
25	Aug-16	0.0%	100%	0	0.0%	100%	\$0	\$0	\$0
26	Sep-16	0.0%	100%	0	0.0%	100%	\$0	\$0	\$0
27	Oct-16	0.0%	100%	0	0.0%	100%	\$0	\$0	\$0
Total		100%		\$16,040,904	100%		-\$41,478,977	\$7,363,057	\$54,025,303

# The Landing at Park Center

## CONSTRUCTION PERIOD INTEREST & DRAW TABLE

	Construction Interest Rai 4.50%				
	Loan-to-Cost 72.7%				
		Monthly Draw Amount	Outstanding Balance	Monthly Interest	Cumulative Interest
Mar-14	Month 1	\$0	\$0	\$0	\$0
Apr-14	Month 2	\$0	\$0	\$0	\$0
May-14	Month 3	\$0	\$0	\$0	\$0
Jun-14	Month 4	\$0	\$0	\$0	\$0
Jul-14	Month 5	\$0	\$0	\$0	\$0
Aug-14	Month 6	\$6,249,111	\$6,249,111	\$0	\$0
Sep-14	Month 7	\$4,775,732	\$11,024,843	\$23,434	\$23,434
Oct-14	Month 8	\$2,858,207	\$13,883,051	\$41,343	\$64,777
Nov-14	Month 9	\$3,608,760	\$17,491,811	\$52,061	\$116,839
Dec-14	Month 10	\$3,315,104	\$20,806,915	\$65,594	\$182,433
Jan-15	Month 11	\$3,342,429	\$24,149,344	\$78,026	\$260,459
Feb-15	Month 12	\$3,389,620	\$27,538,964	\$90,560	\$351,019
Mar-15	Month 13	\$3,437,095	\$30,976,059	\$103,271	\$454,290
Apr-15	Month 14	\$2,405,809	\$33,381,868	\$116,160	\$570,450
May-15	Month 15	\$2,132,871	\$35,514,739	\$125,182	\$695,632
Jun-15	Month 16	\$1,860,135	\$37,374,874	\$133,180	\$828,813
Jul-15	Month 17	\$1,888,889	\$39,263,764	\$140,156	\$968,968
Aug-15	Month 18	\$1,917,817	\$41,181,581	\$147,239	\$1,116,208
Sep-15	Month 19	\$1,946,177	\$43,127,758	\$154,431	\$1,270,638
Oct-15	Month 20	\$1,974,708	\$45,102,467	\$161,729	\$1,432,368
Nov-15	Month 21	\$2,003,412	\$47,105,878	\$169,134	\$1,601,502
Dec-15	Month 22	\$1,726,075	\$48,831,953	\$176,647	\$1,778,149
Jan-16	Month 23	\$1,750,201	\$50,582,155	\$183,120	\$1,961,269
Feb-16	Month 24	\$836,303	\$51,418,458	\$189,683	\$2,150,952
Mar-16	Month 25	\$855,767	\$52,274,225	\$192,819	\$2,343,771
Apr-16	Month 26	\$569,136	\$52,843,361	\$0	\$2,343,771
May-16	Month 27	\$583,910	\$53,427,271	\$0	\$2,343,771
Jun-16	Month 28	\$598,031	\$54,025,303	\$0	\$2,343,771
Jul-16	Month 29	\$0	\$54,025,303	\$0	\$2,343,771
Aug-16	Month 30	\$0	\$54,025,303	\$0	\$2,343,771
Sep-16	Month 31	\$0	\$54,025,303	\$0	\$2,343,771
Oct-16	Month 32	\$0	\$54,025,303	\$0	\$2,343,771
	Total	\$54,025,303	\$945,626,358	\$2,343,771	\$2,343,771



# The Landing at Park Center

## Financing Costs and Lender Administration and Inspection Fees

### FINANCING COSTS

#### Lender Fees and Costs

Appraisal	7,000
Phase I	2,800
Environmental Internal Review	275
Initial Construction Review	5,250
Wells Fargo Financing Fee	340,250
<b>Net Fees and Costs to Lender</b>	<b>355,575</b>

#### Disbursements Made on Behalf of Borrower

Loan Policy Premium	78,000
TitleSearch/Examination Fees	1,195
Secretary of State Search	379
Update & Record	500
Draw Updates - 26 @ \$100 per draw	2,600
Recording Fees	1,000
Mortgage Tax	1.45% 645,250
<b>Total to Walker Title Company</b>	<b>728,924</b>

Loan Legal - Borrower	105,142
Loan Legal- Lender	118,970
<b>Total Closing Legal Fees:</b>	<b>224,112</b>

<b>TOTAL FINANCING COSTS</b>	<b>\$1,308,611</b>
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#### Lender Administration & Inspections

Lender Administration Fee	9 quarters \$	10,000	90,000
Lender Inspection Fees	28 months \$	1,250	35,000
<b>Total Lender Administration &amp; Inspections</b>			<b>\$125,000</b>

### CAPITALIZED INTEREST

\$1,418,477

### LEASE UP CF DEFICIT

\$529,828

The Landing at Park Center

Leasing Assumptions

Rent Escalation Start Date	June-13																
Construction Start	August-14																
Building Completion	September-15																
First Unit Turnover	June-15																
Preleasing Start	March-15																
Stabilization	November-16																
Month	23.5	24.5	25.5	26.5	27.5	28.5	29.5	30.5	31.5	32.5	33.5	34.5	35.5	36.5	37.5	38.5	
Rent/SF/Month	\$2.02	\$2.02	\$2.03	\$2.03	\$2.03	\$2.04	\$2.04	\$2.04	\$2.05	\$2.05	\$2.05	\$2.06	\$2.06	\$2.06	\$2.07	\$2.07	
Parking/Month	\$32.99	\$33.08	\$33.16	\$33.24	\$33.32	\$33.40	\$33.49	\$33.57	\$33.65	\$33.73	\$33.82	\$33.90	\$33.98	\$34.07	\$34.15	\$34.24	
Operating Expenses/SF	\$0.85	\$0.85	\$0.85	\$0.85	\$0.86	\$0.86	\$0.86	\$0.86	\$0.86	\$0.87	\$0.87	\$0.87	\$0.87	\$0.88	\$0.88	\$0.88	

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	
Residential Revenue	\$0	\$0	\$129,189	\$129,403	\$153,379	\$186,090	\$210,239	\$232,296	\$254,426	\$276,627	\$298,902	\$323,435	\$350,237	\$377,126	\$404,104	\$431,169	
Parking Revenue	\$0	\$0	\$3,082	\$3,089	\$3,665	\$4,450	\$5,031	\$5,564	\$6,099	\$6,636	\$7,177	\$7,772	\$8,423	\$9,077	\$9,734	\$10,395	
Other Revenue	\$0	\$0	\$2,584	\$2,588	\$3,068	\$3,722	\$4,205	\$4,646	\$5,089	\$5,533	\$5,978	\$6,469	\$7,005	\$7,543	\$8,082	\$8,623	
Gross Potential Income	\$0	\$0	\$134,855	\$135,080	\$160,112	\$194,262	\$219,475	\$242,506	\$265,613	\$288,796	\$312,057	\$337,675	\$365,664	\$393,746	\$421,920	\$450,187	
Vacancy Loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Operating Income	\$0	\$0	\$134,855	\$135,080	\$160,112	\$194,262	\$219,475	\$242,506	\$265,613	\$288,796	\$312,057	\$337,675	\$365,664	\$393,746	\$421,920	\$450,187	
Less Concessions	\$0	(\$15,477)	(\$15,503)	(\$15,528)	(\$4,407)	(\$3,376)	(\$2,601)	(\$2,605)	(\$2,609)	(\$2,614)	(\$2,618)	(\$3,147)	(\$3,152)	(\$3,157)	(\$3,163)	(\$3,168)	
Less Operating Expenses	0	0	(\$4,620)	(\$7,843)	(\$69,582)	(\$81,380)	(\$93,235)	(\$105,148)	(\$117,119)	(\$129,148)	(\$141,237)	(\$141,585)	(\$151,397)	(\$163,627)	(\$175,917)	(\$176,351)	
NOI	\$0	(\$15,477)	\$84,732	\$61,709	\$86,122	\$109,507	\$123,640	\$134,753	\$145,885	\$157,034	\$168,202	\$192,943	\$211,116	\$226,961	\$242,841	\$270,669	
Debt Service	\$0	(\$143,441)	(\$147,135)	(\$151,574)	(\$155,513)	(\$160,139)	(\$163,369)	(\$164,902)	(\$165,703)	(\$165,956)	(\$166,133)	(\$166,268)	(\$166,408)	(\$166,511)	(\$166,613)	(\$166,753)	
Net Cash Flow	\$0	(\$158,918)	(\$62,403)	(\$89,865)	(\$69,391)	(\$50,632)	(\$39,729)	(\$30,149)	(\$19,818)	(\$8,922)	\$2,069	\$26,675	\$44,707	\$60,451	\$76,227	\$103,915	
Lease-up Cash Flow Deficit	\$0	\$158,918	\$62,403	\$89,865	\$69,391	\$50,632	\$39,729	\$30,149	\$19,818	\$8,922	\$0	\$0	\$0	\$0	\$0	\$0	
Cumulative Absorption	0	0	0	60	77	90	100	110	120	130	140	152	164	176	188	200	

MONTH	CONSTRUCTION	LEASING			OCCUPANCY				PARKING	
	Turnover	Preleasing	Leasing	Cumulative	Move Ins	Move In Paying Rent	Cumulative	Cumulative Paying Rent	Parking Spaces/U	1.55
Apr-15		15	0	15	0	0	0	0	0	
May-15		15	0	30	0	0	0	0	0	
Jun-15	0	15	0	45	0	0	0	0	0%	0
Jul-15	105	0	20	65	60	60	60	60	24%	93
Aug-15	100	0	12	77	17	11	77	71	28%	110
Sep-15	50	0	13	90	0	9	90	86	34%	133
Oct-15		0	10	100	10	7	100	97	38%	150
Nov-15		0	10	110	10	7	110	107	42%	166
Dec-15			10	120	10	7	120	117	46%	181
Jan-16			10	130	10	7	130	127	50%	197
Feb-16			10	140	10	7	140	137	54%	212
Mar-16			12	152	12	8	152	148	59%	229
Apr-16			12	164	12	8	164	160	63%	248
May-16			15	179	12	8	176	172	68%	266
Jun-16			12	191	12	8	188	184	73%	285
Jul-16			12	203	12	8	200	196	78%	304
Aug-16			12	215	12	8	212	208	83%	322
Sep-16			10	225	12	8	224	220	87%	341
Oct-16			10	235	11	7	235	231	92%	358
Nov-16			10	245	10	7	245	242	96%	375
Dec-16	Stabilization		10	255	10	7	255	252	100%	390
	255	45	255		255	0	255	255	395	

# The Landing at Park Center

## Insurance

		<u>Building Value</u>	<u>2 Years Rental Value</u>			
TIV		58,301,250	0	Square Feet		333,150
Primary \$25M	0.02977	\$17,356	\$0	General Liability		
				Other	19.3018	\$6,430
\$175M xs \$25M	0.01819	\$10,607	\$0			
\$200M xs \$200M	0.01427	\$0	\$0			
\$100M xs \$400M	0.00660	\$0	\$0			
\$250M xs \$500M	0.00545	\$0	\$0			
\$400M xs \$750M	0.00346	\$0	\$0	\$50M xs Underlying	0.02075	\$6,914
\$100M xs \$1,150M	0.00074	\$0	\$0	\$50M xs \$50M	0.00627	\$2,088
\$150M xs \$1,250M	0.00089	\$0	\$0	\$25M xs \$100M	0.00194	\$647
Environmental		\$656	\$0	\$25M p/o \$75M xs \$100M	0.00134	\$446
CA Earthquake (\$25MM limit)	0.19660	\$0	\$0	\$25M p/o \$75M xs \$100M	0.00134	\$446
Property Broker Fee	0.00291	\$1,699	\$0	\$25M p/o \$75M xs \$100M	0.00134	\$446
		<u>\$30,318</u>	<u>\$0</u>	\$25M p/o \$100M xs \$200M	0.00106	\$353
				\$75M p/o \$100M xs \$200M	0.00318	\$1,060
				Liability Broker Fee	0.00584	\$1,944
<u>Total Property Annual Premium</u>			<u>\$30,318</u>	<u>Total Liability Annual Premium</u>		<u>\$20,775</u>

**Total Annual Premium \$51,092**

### Additional Information

\$175 Insurance Replacement Cost per Square Foot  
0 1 Year Rents

# The Landing at Park Center

## Unit Mix

Unit Type	# Units	Avg. SF/ Unit	% of Unit Mix	Avg. Rent/Unit per Month	Avg. Rent/RSF per Month
1BR/1BA	35	650	13.7%	\$1,450	\$2.23
1BR/1BA	25	695	9.8%	\$1,550	\$2.23
1BR/1.5BA	30	775	11.8%	\$1,675	\$2.16
1BR/1BA/Den	30	890	11.8%	\$1,750	\$1.97
2BR/2BA	45	995	17.6%	\$1,800	\$1.81
2BR/2BA	35	1,150	13.7%	\$2,000	\$1.74
2BR/2BA	30	1,200	11.8%	\$2,050	\$1.71
2BR/2BA/Den	25	1,295	9.8%	\$2,200	\$1.70
<b>Total/Average:</b>	<b>255</b>	<b>956</b>	<b>100.0%</b>	<b>\$1,809.38</b>	<b>\$1.94</b>

The Landing at Park Center

Residential Land Calculations

Standards	
Max Residential Gross Land Area	8.49 Acres
(35% Max GLA)	369,795 sf
Max Lot Coverage	0.75
Max Coverage Area	277,346
Min lot size per unit	900 Mid-rise
Maximum Units on site by lot size	410.88
Max units by acreage	255 R-30

Summary	Required/Allowed	Proffered
Total Units	255	255
Ave Unit Size	-	-
Efficiency Ratio	-	85%
Total Parking Spaces	386	395
Parking Ratio	1.42	1.55
Total Handicapped	8	10
Total Garages	-	82
Lot Coverage (Max)	75%	68%
Open Space (Min)	25%	32%
Total GSF	-	333,150
Net RSF	-	270,938

Building Layouts

	Width	Length	Total SF	Stories	GSF	Efficiency	Net RSF
Building 1	85	150	12,750	5	63,750	85%	54,188
Building 2	85	150	12,750	5	63,750	85%	54,188
Building 3	85	150	12,750	5	63,750	85%	54,188
Building 4	85	150	12,750	5	63,750	85%	54,188
Building 5	85	150	12,750	5	63,750	85%	54,188
Clubhouse	60	120	7,200	2	14,400	0	-
			70,950		333,150		270,938

Unit Mix	Total SF	Price	Price/SF	270,938	% total			
1BR/1BA	650	\$ 1,450	\$ 2.23	35	14%	Total 1BR	120	47%
1BR/1BA	695	\$ 1,550	\$ 2.23	25	10%	Total 2BR	135	53%
1BR/1.5BA	775	\$ 1,675	\$ 2.16	30	12%		255	
1BR/1BA/Den	890	\$ 1,750	\$ 1.97	30	12%			
2BR/2BA	995	\$ 1,800	\$ 1.81	45	18%			
2BR/2BA	1150	\$ 2,000	\$ 1.74	35	14%			
2BR/2BA	1200	\$ 2,050	\$ 1.71	30	12%			
2BR/2BA/Den	1295	\$ 2,200	\$ 1.70	25	10%			
Total Units	956.25			255				

Building	Available Space	Garage	1BR/1BA	Total 1BR (1)	1BR/1BA	Total 1BR (2)	1BR/1.5BA	Total 1BR/1.5BA	1BR/1BA/Den	Total 1BR/1BA/Den	Total	Units	Extra
Floor 1	5,419	5,419	1	650	2	1,390	3	2,325	0	-	5,360	7	(59)
Floor 2	10,838	-	4	2,600	3	2,085	2	1,550	3	2,670	10,895	14	58
Floor 3	10,838	-	0	-	0	-	1	775	1	890	10,800	10	(38)
Floor 4	10,838	-	1	650	0	-	0	-	1	890	10,820	10	(18)
Floor 5	10,838	-	1	650	0	-	0	-	1	890	10,820	10	(18)
			7		5		6		6				
Totals			35		25		30		30				120
Building	Available Space	Garage	2BR/2BA (1)	Total 2BR (1)	2BR/2BA (2)	Total 2BR (2)	2BR/2BA (3)	Total 2BR (1)	2BR/2BA/Den	Total 2BR/Den			
Floor 1	5,419	5,419	1	995	0	-	0	-	0	-			
Floor 2	10,838	-	2	1,990	0	-	0	-	0	-			
Floor 3	10,838	-	2	1,990	3	3,450	2	2,400	1	1,295			
Floor 4	10,838	-	2	1,990	2	2,300	2	2,400	2	2,590			
Floor 5	10,838	-	2	1,990	2	2,300	2	2,400	2	2,590			
			9		7		6		5				
Totals			45		35		30		25				135

Clubhouse	Available Space
Floor 1	7,200.00



# The Landing at Park Center

Floor 2 7,200.00

Parking			(Bldgs 50' & Higher)		
Unit	Total	Ratio	Required	Handicapped	10 (8 Required for up to 400 total spaces)
Efficiency		0	1	0	82
1BR	120	1.25	150	Garages	
2BR	135	2	270		
		1.42	420		
Transit Reduction	8%		-33.6		
Total Required Parking			386.4		

Per Unit	1.55			
Calculation	Reg Space	HC	Garages	Total
Front	32	1	0	33
Back	50	0	0	50
Back/Side	64	2	0	66
Building 1	16	1	16	33
Building 2	30	1	16	47
Building 3	33	2	16	51
Building 5	48	1	18	67
Building 6	30	2	16	48
Totals	303	10	82	395

Includes 10 Compact Spaces/5 will be electric Equipped

Open Space			
Calculation		Required	25%
Highway Buffer	27200	Total SF	92,449
Building 1	6000		
Building 2	6000	Proffered	32%
Building 3	6000	Total SF	117,100
Building 5	9500	Lot Coverage	68%
Building 6	6000		
Center	15600		
Courtyard	40800		
Total Open Space Estimate	117,100		

# The Landing at Park Center

## Real Estate Taxes

Purchase Price \$ 11,000,000

	<u>Due Date</u>	<u>Land</u>	<u>Improvements</u>	<u>Total Assessed Value</u>	<u>Tax Rate/\$100</u>	<u>Amount Due</u>		
2H 2013	12/5/2013	\$ 1,541,874	\$ - = \$	1,541,874	\$ 1.2806	\$ 4,936	(3)	
1H 2014	7/15/2014	\$ 1,588,130	\$ - = \$	1,588,130	\$ 1.3062	\$ 10,372	(2)	
2H 2014	12/5/2014	\$ 1,588,130	\$ - = \$	1,588,130	\$ 1.3062	\$ 10,372		
1H 2015	7/15/2015	\$ 1,635,774	\$ - = \$	1,635,774	\$ 1.3323	\$ 10,897	(1)	
						\$ -		
<b>Taxes during Construction</b>						<b>\$ 36,578</b>		
2H 2015	12/5/2015	\$ 1,635,774	\$ - = \$	1,635,774	\$ 1.3323	\$ 10,897	\$	0.03
1H 2016	7/15/2016	\$ 1,684,848	\$ 26,000,000 = \$	27,684,848	\$ 1.3590	\$ 188,116	\$	0.56
2H 2016	12/5/2016	\$ 1,684,848	\$ 26,000,000 = \$	27,684,848	\$ 1.3590	\$ 188,116	\$	0.56
<b>Taxes during Operations</b>						<b>\$ 387,129</b>		

(1) Final tax payment during construction

(2) Tax rate increasing by 2% each year

(3) 3 months approximately paid by owner at closing

Note: Tax year runs from Jan 1st to Dec 31st of each year.

3% Land Assessment Rate Increase

2% Tax Rate Increase

# **Appendix A.2**

## **Hotel Proforma Financials**

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**SUMMARY**

<b>Development costs</b>				<b>Construction Loan</b>	
Land cost/closing costs	2,120,000		10,816 /room	Amount	\$18,130
Sitework/demolition	2,015,000		10,281 /room	Rate	5.00%
Parking/base building	13,192,834		67,310 /room	Loan to Cost	65%
Furniture, fixtures & eq.	2,156,000		11,000 /room	<b>Permanent Loan</b>	
G.C. & fee/hard cost cont.	2,492,657		12,718 /room	Loan Amount	20,423
Soft costs (incl. financing)	5,915,580		30,182 /room	Loan to Value	70%
Total development cost	27,892,071		142,306 /room	Amortization	25
<b>Construction parameters</b>				Interest payments	6%
Total Rooms	196 rooms		98000 GSF	Financing fees	2%
Meeting space	15000		15000 GSF	<b>Returns</b>	
Lobby/common areas	17500		17500 GSF	Unlevered IRR	11.27%
Restaurant	7500		7500 GSF	Levered IRR	17.38%
Total building area			138000 GSF	Yield on Development Cost	11%
Land area	131,429	Land SF	3.02 acres	<b>Equity Required Levered</b>	
Floor-to-area ratio	1.05	FAR SF			\$8,057.07
Average Room Size	500 GSF		425 NSF		
<b>Project timing</b>					
Pre-development period	25	months			
Construction period	20	months			
Operating hold period	120	months			
Total project hold period	165	months			
Income stabilization period	24	months			
Total stabilization period	69	months			
Commencement date	07/01/12				
End of pre-development	07/31/14				
Delivery date	03/31/16				
Project sale date	03/31/26				
Stabilization date	03/31/18				
<b>Parking count</b>					
Total available spaces	360				

**PRIMARY ASSUMPTIONS**
**HOTEL DEVELOPMENT**
**DEVELOPMENT BUDGET PROJECTIONS -- MID SCALE HOTEL FORMA 178 ROOMS**
**Development costs**

Land cost/closing costs	\$2,120,000	\$10,816 /room
Sitework/demolition	2,015,000	10,281 /room
Parking/base building	13,192,834	67,310 /room
Furniture, fixtures & eq.	2,156,000	11,000 /room
G.C. & fee/hard cost cont.	2,492,657	12,718 /room
Soft costs (incl. financing)	5,915,580	30,182 /room
Total development cost	27,892,071	142,306 /room

**Construction parameters**

Standard rooms	196 rooms	98,000 GSF
Meeting space	15,000	15,000 GSF
Lobby/common areas	17,500	17,500 GSF
Restaurant	7,500	7,500 GSF
Total building area	196 rooms	138,000 GSF

Land area	131,429 Land SF	3.02 acres
Floor-to-area ratio	1.05 FAR SF	N/M FAR

**Project timing**

Pre-development period	25 months
Construction period	20 months
Operating hold period	120 months
Total project hold period	165 months
Income stabilization period	24 months
Total stabilization period	69 months

Commencement date	07/01/12
End of pre-development	07/31/14
Delivery date	03/31/16
Project sale date	03/31/26
Stabilization date	03/31/18

**Rates of increase**

Annual ADR growth	1.50%
Annual CPI growth	3.00%
Analysis base year ending	Jun-12

**Parking count**

Valet parking factor	0%
Total available spaces	360

**Operating parameters**

Average daily rate (ADR)	--	\$125.00	--	\$128.80
Occupancy percentage	--	64.0%	--	66.0%
Revenue per avg. room (REVPAR)	--	\$80.00	--	\$85.01

**Revenue**

Rooms	66.10%	80.00	66.52%	85.01
Telecommunications	1.79%	2.17	1.66%	2.12
Food & beverage	25.00%	30.26	25.00%	31.95
Garage	0.00%	0.00	0.00%	0.00
Other	7.11%	8.61	6.82%	8.72
Total revenue	100.00%	121.03	100.00%	127.79

**Departmental expense ratios**

Rooms	30.50%	24.40	28.60%	24.31
Telecommunications	30.20%	0.65	30.00%	0.64
Food & beverage	65.00%	19.67	65.00%	20.77
Garage	0.00%	0.00	0.00%	0.00
Other	20.00%	1.72	20.00%	1.74
Total departmental expenses	38.37%	46.44	37.14%	47.46

**Overhead expense ratios**

General & administrative	9.60%	11.62	8.80%	11.25
Operations & maintenance	2.60%	3.15	2.30%	2.94
Utilities	2.40%	2.90	2.10%	2.68
Management fee	4.00%	4.84	4.00%	5.11
Franchise fees	0.00%	0.00	0.00%	0.00
Marketing & promotion	7.00%	8.47	6.20%	7.92
Total overhead expenses	25.60%	30.98	23.40%	29.90

**Fixed charges**

Taxes/licenses/permits	2.60%	3.15	2.30%	2.94
Insurance	1.10%	1.33	0.90%	1.15
Capital improvements	2.00%	2.42	3.00%	3.83
Total fixed charges	5.70%	6.90	6.20%	7.92

**Operating income**

	30.32%	\$36.70	33.26%	\$42.51
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**HOTEL DEVELOPMENT  
DEVELOPMENT BUDGET PROJECTIONS  
HOTEL OPERATING ASSUMPTIONS**

	INITIAL (2016\$)	STEP 1 (2017\$)	STEP 2 (2018\$)			
	% of total revenue	% of total revenue	% of total revenue			
<b>Operating parameters</b>						
Start date	04/01/16	04/01/17	04/01/18			
Average daily rate (ADR)	\$125.00	\$126.88	\$128.78			
Occupancy percentage	64.0%	65.0%	66.0%			
RevPar	\$80.00	\$82.47	\$84.99			
Revenue						
Rooms	66.10%	66.16%	66.52%			
Telecommunications	1.79%	1.70%	1.66%			
Food & beverage	25.00%	25.00%	25.00%			
Garage	0.00%	0.00%	0.00%			
Other	7.11%	7.14%	6.82%			
Total revenue	100.00%	100.00%	100.00%			
Departmental expense ratios						
Rooms	30.50%	29.20%	28.60%			
Telecommunications	30.20%	30.00%	30.00%			
Food & beverage	65.00%	65.00%	65.00%			
Garage	0.00%	0.00%	0.00%			
Other	20.00%	20.00%	20.00%			
Total departmental expenses	38.37%	37.51%	37.14%			
Overhead expense ratios						
General & administrative	9.60%	9.10%	8.80%			
Operations & maintenance	2.60%	2.40%	2.30%			
Utilities	2.40%	2.20%	2.10%			
Management fee	4.00%	4.00%	4.00%			
Franchise fees	0.00%	0.00%	0.00%			
Marketing & promotion	7.00%	6.40%	6.20%			
Total overhead expenses	25.60%	24.10%	23.40%			
Fixed charges						
Taxes/licenses/permits	2.60%	2.40%	2.30%			
Insurance	1.10%	1.00%	0.90%			
Capital improvements/reserve	2.00%	2.00%	3.00%			
Total fixed charges	5.70%	5.40%	6.20%			
<b>Operating income</b>	<b>30.32%</b>	<b>32.99%</b>	<b>33.26%</b>			

ANNUAL CASH FLOW PROJECTIONS (\$000) -- HOTEL DEVELOPMENT																08-May-12
																06:57 PM
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	YR 1 - 10
	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	TOTAL
Available rooms	--	--	--	--	17,836	71,540	71,540	71,540	71,736	71,540	71,540	71,540	71,736	71,540	71,540	--
Occupied rooms	--	--	--	--	11,415	45,964	46,679	47,216	47,346	47,216	47,216	47,216	47,346	47,216	47,216	--
Occupancy %	--	--	--	--	64.0%	64.2%	65.2%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	--
ADR	--	--	--	--	\$125.00	\$125.47	\$127.35	\$129.26	\$131.20	\$133.17	\$135.16	\$137.19	\$139.25	\$141.34	\$143.46	--
REVPAR	--	--	--	--	\$80.00	\$80.62	\$83.10	\$85.31	\$86.59	\$87.89	\$89.21	\$90.55	\$91.90	\$93.28	\$94.68	--
REVENUE																
Rooms	\$0	\$0	\$0	\$0	\$1,427	\$5,767	\$5,945	\$6,103	\$6,212	\$6,288	\$6,382	\$6,478	\$6,593	\$6,673	\$6,774	64,641
Telecommunications	0	0	0	0	39	154	151	152	155	157	159	162	165	167	169	1,631
Food & beverage	0	0	0	0	540	2,181	2,243	2,294	2,334	2,363	2,398	2,434	2,478	2,508	2,546	24,319
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	153	621	633	626	637	645	654	664	676	684	694	6,688
Total revenue	0	0	0	0	2,159	8,723	8,973	9,175	9,338	9,452	9,594	9,074	9,235	9,348	9,488	94,560
DEPARTMENTAL EXPENSES																
Rooms	0	0	0	0	435	1,740	1,727	1,746	1,777	1,798	1,825	1,853	1,886	1,909	1,937	18,631
Telecommunications	0	0	0	0	12	46	45	46	47	47	48	49	50	51	51	490
Food & beverage	0	0	0	0	351	1,418	1,458	1,491	1,517	1,536	1,559	1,582	1,611	1,630	1,655	15,808
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	31	124	127	125	127	129	131	133	135	137	139	1,338
Total departmental expense:	0	0	0	0	828	3,328	3,357	3,407	3,468	3,510	3,563	3,484	3,545	3,589	3,643	35,722
OVERHEAD EXPENSES																
General & administrative	0	0	0	0	207	826	810	807	822	832	844	857	872	883	896	8,657
Operations & maintenance	0	0	0	0	56	222	213	211	215	217	221	224	228	231	234	2,272
Utilities	0	0	0	0	52	205	195	193	196	199	201	205	208	211	214	2,078
Management fee	0	0	0	0	86	349	359	367	374	378	384	390	396	401	407	3,891
Franchise fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing & promotion	0	0	0	0	151	597	570	569	579	586	595	604	614	622	631	6,118
Total overhead expense:	0	0	0	0	553	2,200	2,147	2,147	2,185	2,212	2,245	2,279	2,319	2,348	2,383	23,016
GROSS OPERATING PROFIT																
	0	0	0	0	778	3,195	3,469	3,621	3,685	3,730	3,786	3,312	3,371	3,412	3,463	35,822
FIXED CHARGES																
Property taxes / licenses / permit:	0	0	0	0	56	222	213	211	215	217	221	224	228	231	234	2,272
Insurance	0	0	0	0	24	94	87	83	84	85	86	88	89	90	92	902
Capital improvements	0	0	0	0	43	174	202	275	280	284	288	292	297	301	305	2,743
OPERATING CASH FLOW																
	0	0	0	0	655	2,705	2,967	3,052	3,106	3,144	3,191	2,708	2,756	2,790	2,832	18,820
ACQUISITION / DEVELOPMENT																
Site acquisition (purchase price):	0															0
Due diligence/closing costs	0															0
Construction -- hard costs	0	0	(2,328)	(10,213)	(7,316)	0	0	0	0	0	0	0	0	0	0	(19,856)
Development -- soft costs	0	0	(2,186)	(1,926)	(773)	0	0	0	0	0	0	0	0	0	0	(4,884)
Total acquisition / development costs	0	0	(4,514)	(12,138)	(8,089)	0	0	0	0	0	0	0	0	0	0	(24,741)
RESIDUAL VALUE																
Gross sale proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33,784	0
Selling costs	1.25%	0	0	0	0	0	0	0	0	0	0	0	0	0	(422)	0
UNLEVERAGED NET CASH FLOW																
	0	0	(6,634)	(12,138)	(7,434)	2,705	2,967	3,052	3,106	3,144	3,191	3,239	3,297	3,337	35,895	37,727
CONSTRUCTION FINANCING																
Loan amount	65%	0	0	0	9,006	8,615	0	0	0	0	0	0	0	0	0	17,622
Repayment		0	0	0	0	(19,835)	0	0	0	0	0	0	0	0	0	(19,835)
Interest payments	5.00%	0	0	0	(111)	(526)	0	0	0	0	0	0	0	0	0	(638)
Financing fees		0	0	0	(230)	0	0	0	0	0	0	0	0	0	0	(230)
Recordation & transfer taxes		0	0	0	(54)	0	0	0	0	0	0	0	0	0	0	(54)
Loan amount		0	0	0	0	20,423	0	0	0	0	0	0	0	0	(15,166)	5,257
Amortization		0	0	0	0	(97)	(402)	(426)	(453)	(481)	(510)	(542)	(575)	(611)	(648)	(5,257)
Interest payments		0	0	0	0	(298)	(1,177)	(1,153)	(1,126)	(1,098)	(1,069)	(1,037)	(1,004)	(968)	(931)	(10,533)
Financing fees		0	0	0	0	(408)	0	0	0	0	0	0	0	0	0	(408)
LEVERAGED NET CASH FLOW																
	0	0	(6,634)	(1,423)	440	1,126	1,388	1,473	1,527	1,565	1,612	1,660	1,718	1,758	19,545	1,073
INTERNAL RATES OF RETURN																
Unleveraged cash flow	11.3%															
Leveraged cash flow	17.4%															
RESIDUAL VALUE																
\$000																
\$/ROOM																
Operating cash flow (year 7)																
Exit capitalization rate																
Gross sale proceeds																
Gross sale proceeds in 2012\$																
NET BUILDING AREA																
196 ROOMS																

HOTEL DEVELOPMENT DEVELOPMENT COSTS					06:57 PM
COST CATEGORY	ASSUMPTION	\$000	\$/ROOM	% TOTAL	
<b>TOTAL LAND COST</b>		<b>\$2,000</b>	<b>\$10,204</b>	<b>7.2%</b>	
Closing costs & fees	6.0% of purchase price	120	\$612	0.4%	
Total site acquisition costs		2,120	\$10,816	7.6%	
<b>HARD COSTS</b>					
Site development/demolition		2,015	10,281	7.2%	
Parking/garage construction	\$0 per space	0	0	0.0%	
Base building construction		13,193	67,310	47.3%	
Furniture, fixtures & equipment		2,156	11,000	7.7%	
General conditions and fee	9.00% of above hard costs (excl. FF&E)	1,369	6,983	4.9%	
Hard cost contingency	6.00% of above hard costs	1,124	5,734	4.0%	
Total hard costs		19,856	101,309	71.2%	
<b>SOFT COSTS</b>					
Architectural & engineering fees	7.00% of hard costs (excl. FF&E)	1,239	6,322	4.4%	
Surveys, testing & inspections	\$300 per room	59	300	0.2%	
Permits, licenses, fees & bonds	\$1,750 per room	343	1,750	1.2%	
Appraisals and inspections	\$160 per room	31	160	0.1%	
Insurance and title	\$150 per room	29	150	0.1%	
Property taxes	0.00%	35	179	0.1%	
Legal and accounting	\$909 per room	178	909	0.6%	
Pre-opening/marketing costs	\$3,500 per room	686	3,500	2.5%	
Moving & related costs	\$0 per room	0	0	0.0%	
Community benefits	Proffers	1,000	5,102	3.6%	
Development fee	4.0% of devp. costs (excl. land & financing)	990	5,049	3.5%	
Soft cost contingency	\$1,500 per room	294	1,500	1.1%	
Total soft costs before financing		4,884	24,920	17.5%	
<b>TOTAL DEVELOPMENT COSTS BEFORE FINANCING</b>		<b>26,861</b>	<b>137,045</b>	<b>96.3%</b>	
<b>FINANCING COSTS (THROUGH CONSTRUCTION)</b>					
Financing fees	1.00% of devp. costs (including interest payments)	230	1,173	0.8%	
Recordation and transfer taxes	0.20% of devp. costs before financing	54	274	0.2%	
Interest payments through construction	5.00% per year	747	3,814	2.7%	
Total financing costs through construction		1,031	5,261	3.7%	
<b>TOTAL DEVELOPMENT COSTS THROUGH CONSTRUCTION</b>		<b>\$27,892</b>	<b>\$142,306</b>	<b>100.0%</b>	

HOTEL DEVELOPMENT				41,037.79	
HARD COST BREAKDOWN				41,037.79	
HARD COST CATEGORY	% SHARE		COST	\$/ROOM	\$/GSF
SITE DEVELOPMENT					
Sitework	2,000,000	100.0%	\$2,000,000	\$10,204	14.49
Excess liability insurance	15,000	100.0%	15,000	77	0.11
Subtotal -- site development			2,015,000	10,281	14.60
BASE BUILDING CONSTRUCTION					
Structure			1,173,000	5,985	8.50
Exterior skin			1,380,000	7,041	10.00
Roofing & waterproofing			137,651	702	1.00
General building finishes			2,484,000	12,673	18.00
Unit/room/core finishes			1,518,000	7,745	11.00
Specialities			163,693	835	1.19
Elevators			1,104,000	5,633	8.00
Mechanical			3,036,000	15,490	22.00
Electrical			2,070,000	10,561	15.00
Excess liability insurance			126,490	645	0.92
			0	0	0.00
Subtotal -- base building construction			13,192,834	67,310	95.60
FURNITURE, FIXTURES & EQUIPMENT					
FF & E	\$11,000	196	2,156,000	11,000	15.62
Personal property					
Telecommunications					
Initial supplies					
Miscellaneous					
Subtotal -- FF&E			2,156,000	11,000	15.62
GENERAL CONDITIONS & FEE	15,207,834	9.00%	1,368,705	6,983	9.92
HARD COST CONTINGENCY	18,732,539	6.00%	1,123,952	5,734	8.14
TOTAL HARD COSTS			19,856,492	101,309	143.89
Gross SF			138,000		
Number of rooms			196		

MONTHLY CASH FLOW PROJECTIONS (\$000) -- HOTEL DEVELOPMENT

[illegible]

<b>INTERNAL RATES OF RETURN</b>		<b>RESIDUAL VALUE</b>		\$000	\$/ROOM
Unleveraged cash flow	0.0%	Operating cash flow (Months 70-82)	\$3,041	\$15,513	
Leveraged cash flow	0.0%	Exit capitalization rate	9.00%		
		Gross sale proceeds	33,784	172,368	
		Gross sale proceeds in 2012\$	22,335	113,956	

NET BUILDING AREA: 196 ROOMS



MONTHLY CASH FLOW PROJECTIONS (\$000) -- HOT

	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47
	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Available rooms	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	5,880	6,076
Occupied rooms	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	3,763	3,889
Occupancy %	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	64.0%	64.0%
ADR	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	\$125.00	\$125.00
REVPAR	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	\$80.00	\$80.00
REVENUE																								
Rooms	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$470	\$486
Telecommunications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13	13
Food & beverage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	178	184
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	51	52
Total revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	712	735
DEPARTMENTAL EXPENSES																								
Rooms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	143	148
Telecommunications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4
Food & beverage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	116	120
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	10
Total departmental expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	273	282
OVERHEAD EXPENSES																								
General & administrative	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	68	71
Operations & maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	19
Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17	18
Management fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28	29
Franchise fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing & promotion	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	51
Total overhead expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	182	188
GROSS OPERATING PROFIT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	256	265
FIXED CHARGES																								
Property taxes / licenses / permits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	19
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	8
Capital improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14	15
OPERATING CASH FLOW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	216	223
ACQUISITION / DEVELOPMENT																								
Site acquisition (purchase price)																								
Due diligence/closing costs																								
Construction -- hard costs	(776)	(381)	(381)	(534)	(534)	(762)	(762)	(762)	(762)	(1,143)	(1,524)	(1,524)	(1,143)	(762)	(1,143)	(1,143)	(762)	(762)	(843)	(843)	(462)	(595)	0	0
Development -- soft costs	(157)	(141)	(141)	(147)	(147)	(157)	(157)	(157)	(157)	(173)	(189)	(189)	(173)	(110)	(126)	(126)	(110)	(110)	(113)	(35)	(19)	(25)	0	0
Total acquisition / development costs	(933)	(522)	(522)	(681)	(681)	(919)	(919)	(919)	(919)	(1,316)	(1,713)	(1,713)	(1,316)	(872)	(1,269)	(1,269)	(872)	(872)	(956)	(878)	(481)	(620)	0	0
RESIDUAL VALUE																								
Gross sale proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selling costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UNLEVERAGED NET CASH FLOW	(933)	(522)	(522)	(681)	(681)	(919)	(919)	(919)	(919)	(1,316)	(1,713)	(1,713)	(1,316)	(872)	(1,269)	(1,269)	(872)	(872)	(956)	(878)	(481)	(620)	216	223
CONSTRUCTION FINANCING																								
Loan amount	0	0	0	585	683	924	928	932	936	1,337	1,739	1,746	1,357	918	1,319	1,325	933	937	1,025	952	559	700	0	0
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(19,835)	0	0
Interest payments	0	0	0	0	(2)	(5)	(9)	(13)	(17)	(21)	(26)	(34)	(41)	(47)	(50)	(56)	(61)	(65)	(69)	(73)	(77)	(80)	0	0
Financing fees				(230)																				
Recordation & transfer taxes				(54)																				
PERMANENT FINANCING																								
Loan amount																						20,423		
Amortization																							(32)	(32)
Interest payments																							(100)	(99)
Financing fees																						(408)		
LEVERAGED NET CASH FLOW	(933)	(522)	(522)	(379)	0	0	(0)	0	0	0	0	(0)	0	0	0	0	0	0	0	0	0	180	84	91

INTERNAL RATES OF RETURN	
Unleveraged cash flow	0.0%
Leveraged cash flow	0.0%

NET BUILDING AREA: 196 ROOMS

MONTHLY CASH FLOW PROJECTIONS (\$000) -- HOT

	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71
	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Available rooms	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,488	6,076	5,880	6,076	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,488	6,076	5,880	6,076
Occupied rooms	3,763	3,889	3,889	3,763	3,889	3,763	3,889	3,889	3,512	3,889	3,822	3,949	3,822	3,949	3,949	3,822	3,949	3,822	3,949	3,949	3,567	3,949	3,881	4,010
Occupancy %	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	66.0%	66.0%
ADR	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$126.88	\$126.88	\$126.88	\$126.88	\$126.88	\$126.88	\$126.88	\$126.88	\$126.88	\$126.88	\$126.88	\$126.88	\$128.78	\$128.78
REVPAR	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$82.47	\$82.47	\$82.47	\$82.47	\$82.47	\$82.47	\$82.47	\$82.47	\$82.47	\$82.47	\$82.47	\$82.47	\$84.99	\$84.99
REVENUE																								
Rooms	\$470	\$486	\$486	\$470	\$486	\$470	\$486	\$486	\$439	\$486	\$485	\$501	\$485	\$501	\$501	\$485	\$501	\$485	\$501	\$501	\$453	\$501	\$500	\$516
Telecommunications	13	13	13	13	13	13	13	13	12	13	12	13	12	13	13	12	13	12	13	13	12	13	12	13
Food & beverage	178	184	184	178	184	178	184	184	166	184	183	189	183	189	189	183	189	183	189	189	171	189	188	194
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	51	52	52	51	52	51	52	52	47	52	52	54	52	54	54	52	54	52	54	54	49	54	51	53
Total revenue	712	735	735	712	735	712	735	735	664	735	733	757	733	757	757	733	757	733	757	757	684	757	751	776
DEPARTMENTAL EXPENSES																								
Rooms	143	148	148	143	148	143	148	148	134	148	142	146	142	146	146	142	146	142	146	146	132	146	143	148
Telecommunications	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	3	4	4	4
Food & beverage	116	120	120	116	120	116	120	120	108	120	119	123	119	123	123	119	123	119	123	123	111	123	122	126
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	10	10	10	10	10	10	10	10	9	10	10	11	10	11	11	10	11	10	11	11	10	11	10	11
Total departmental expenses	273	282	282	273	282	273	282	282	255	282	275	284	275	284	284	275	284	275	284	284	257	284	279	288
OVERHEAD EXPENSES																								
General & administrative	68	71	71	68	71	68	71	71	64	71	67	69	67	69	69	67	69	67	69	69	62	69	66	68
Operations & maintenance	19	19	19	19	19	19	19	19	17	19	18	18	18	18	18	18	18	18	18	18	16	18	17	18
Utilities	17	18	18	17	18	17	18	18	16	18	16	17	16	17	17	16	17	16	17	17	15	17	16	16
Management fee	28	29	29	28	29	28	29	29	27	29	29	30	29	30	30	29	30	29	30	30	27	30	30	31
Franchise fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing & promotion	50	51	51	50	51	50	51	51	46	51	47	48	47	48	48	47	48	47	48	48	44	48	47	48
Total overhead expenses	182	188	188	182	188	182	188	188	170	188	177	183	177	183	183	177	183	177	183	183	165	183	176	182
GROSS OPERATING PROFIT	256	265	265	256	265	256	265	265	239	265	281	291	281	291	291	281	291	281	291	291	263	291	296	306
FIXED CHARGES																								
Property taxes / licenses / permits	19	19	19	19	19	19	19	19	17	19	18	18	18	18	18	18	18	18	18	18	16	18	17	18
Insurance	8	8	8	8	8	8	8	8	7	8	7	8	7	8	8	7	8	7	8	8	7	8	7	7
Capital improvements	14	15	15	14	15	14	15	15	13	15	15	15	15	15	15	15	15	15	15	15	14	15	23	23
OPERATING CASH FLOW	216	223	223	216	223	216	223	223	201	223	242	250	242	250	250	242	250	242	250	250	226	250	250	258
ACQUISITION / DEVELOPMENT																								
Site acquisition (purchase price)																								
Due diligence/closing costs																								
Construction -- hard costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development -- soft costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total acquisition / development costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESIDUAL VALUE																								
Gross sale proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selling costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UNLEVERAGED NET CASH FLOW	216	223	223	216	223	216	223	223	201	223	242	250	242	250	250	242	250	242	250	250	226	250	250	258
CONSTRUCTION FINANCING																								
Loan amount	65%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment	71.1134%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest payments	5.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing fees																								
Recordation & transfer taxes																								
PERMANENT FINANCING																								
Loan amount	70%																							
Amortization	25 years	(32)	(33)	(33)	(33)	(33)	(33)	(34)	(34)	(34)	(34)	(34)	(34)	(35)	(35)	(35)	(35)	(35)	(35)	(36)	(36)	(36)	(36)	(36)
Interest payments	6.00%	(99)	(99)	(99)	(99)	(98)	(98)	(98)	(98)	(98)	(98)	(97)	(97)	(97)	(97)	(97)	(96)	(96)	(96)	(96)	(96)	(96)	(95)	(95)
Financing fees	2.00%																							
LEVERAGED NET CASH FLOW	84	91	91	84	91	84	91	91	70	91	110	118	110	118	118	110	118	110	118	118	94	118	118	127

INTERNAL RATES OF RETURN	
Unleveraged cash flow	0.0%
Leveraged cash flow	0.0%

NET BUILDING AREA: 196 ROOMS

MONTHLY CASH FLOW PROJECTIONS (\$000) -- HOT

	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95
	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Available rooms	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,488	6,076	5,880	6,076	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,684	6,076	5,880	6,076
Occupied rooms	3,881	4,010	4,010	3,881	4,010	3,881	4,010	4,010	3,622	4,010	3,881	4,010	3,881	4,010	4,010	3,881	4,010	3,881	4,010	4,010	3,751	4,010	3,881	4,010
Occupancy %	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%
ADR	\$128.78	\$128.78	\$128.78	\$128.78	\$128.78	\$128.78	\$128.78	\$128.78	\$128.78	\$128.78	\$130.71	\$130.71	\$130.71	\$130.71	\$130.71	\$130.71	\$130.71	\$130.71	\$130.71	\$130.71	\$130.71	\$130.71	\$132.67	\$132.67
REVPAR	\$84.99	\$84.99	\$84.99	\$84.99	\$84.99	\$84.99	\$84.99	\$84.99	\$84.99	\$84.99	\$86.27	\$86.27	\$86.27	\$86.27	\$86.27	\$86.27	\$86.27	\$86.27	\$86.27	\$86.27	\$86.27	\$87.56	\$87.56	\$87.56
REVENUE																								
Rooms	\$500	\$516	\$516	\$500	\$516	\$500	\$516	\$516	\$466	\$516	\$507	\$524	\$507	\$524	\$524	\$507	\$524	\$507	\$524	\$524	\$490	\$524	\$515	\$532
Telecommunications	12	13	13	12	13	12	13	13	12	13	13	13	13	13	13	13	13	13	13	13	12	13	13	13
Food & beverage	188	194	194	188	194	188	194	194	175	194	191	197	191	197	197	191	197	191	197	197	184	197	193	200
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	51	53	53	51	53	51	53	53	48	53	52	54	52	54	54	52	54	52	54	54	50	54	53	55
Total revenue	751	776	776	751	776	751	776	776	701	776	763	788	763	788	788	763	788	763	788	788	737	788	774	800
DEPARTMENTAL EXPENSES																								
Rooms	143	148	148	143	148	143	148	148	133	148	145	150	145	150	150	145	150	145	150	150	140	150	147	152
Telecommunications	4	4	4	4	4	4	4	4	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Food & beverage	122	126	126	122	126	122	126	126	114	126	124	128	124	128	128	124	128	124	128	128	120	128	126	130
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	10	11	11	10	11	10	11	11	10	11	10	11	10	11	11	10	11	10	11	11	10	11	11	11
Total departmental expenses	279	288	288	279	288	279	288	288	260	288	283	293	283	293	293	283	293	283	293	293	274	293	287	297
OVERHEAD EXPENSES																								
General & administrative	66	68	68	66	68	66	68	68	62	68	67	69	67	69	69	67	69	67	69	69	65	69	68	70
Operations & maintenance	17	18	18	17	18	17	18	18	16	18	18	18	18	18	18	18	18	18	18	18	17	18	18	18
Utilities	16	16	16	16	16	16	16	16	15	16	16	17	16	17	17	16	17	16	17	17	15	17	16	17
Management fee	30	31	31	30	31	30	31	31	28	31	31	32	31	32	32	31	32	31	32	32	29	32	31	32
Franchise fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing & promotion	47	48	48	47	48	47	48	48	43	48	47	49	47	49	49	47	49	47	49	49	46	49	48	50
Total overhead expenses	176	182	182	176	182	176	182	182	164	182	178	184	178	184	184	178	184	178	184	184	172	184	181	187
GROSS OPERATING PROFIT	296	306	306	296	306	296	306	306	277	306	301	311	301	311	311	301	311	301	311	311	291	311	305	316
FIXED CHARGES																								
Property taxes / licenses / permits	17	18	18	17	18	17	18	18	16	18	18	18	18	18	18	18	18	18	18	18	17	18	18	18
Insurance	7	7	7	7	7	7	7	7	6	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Capital improvements	23	23	23	23	23	23	23	23	21	23	23	24	23	24	24	23	24	23	24	24	22	24	23	24
OPERATING CASH FLOW	250	258	258	250	258	250	258	258	233	258	254	262	254	262	262	254	262	254	262	262	245	262	257	266
ACQUISITION / DEVELOPMENT																								
Site acquisition (purchase price)																								
Due diligence/closing costs																								
Construction -- hard costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development -- soft costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total acquisition / development costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESIDUAL VALUE																								
Gross sale proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selling costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UNLEVERAGED NET CASH FLOW	250	258	258	250	258	250	258	258	233	258	254	262	254	262	262	254	262	254	262	262	245	262	257	266
CONSTRUCTION FINANCING																								
Loan amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing fees																								
Recordation & transfer taxes																								
PERMANENT FINANCING																								
Loan amount																								
Amortization																								
Interest payments	(37)	(37)	(37)	(37)	(37)	(37)	(38)	(38)	(38)	(38)	(38)	(39)	(39)	(39)	(39)	(39)	(40)	(40)	(40)	(40)	(40)	(41)	(41)	(41)
Financing fees	(95)	(95)	(95)	(95)	(94)	(94)	(94)	(94)	(94)	(93)	(93)	(93)	(93)	(93)	(92)	(92)	(92)	(92)	(92)	(91)	(91)	(91)	(91)	(91)
LEVERAGED NET CASH FLOW	118	127	127	118	127	118	127	127	102	127	122	131	122	131	131	122	131	122	131	131	114	131	126	134

INTERNAL RATES OF RETURN	
Unleveraged cash flow	0.0%
Leveraged cash flow	0.0%

NET BUILDING AREA: 196 ROOMS

MONTHLY CASH FLOW PROJECTIONS (\$000) -- HOT

	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119
	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
Available rooms	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,488	6,076	5,880	6,076	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,488	6,076	5,880	6,076
Occupied rooms	3,881	4,010	4,010	3,881	4,010	3,881	4,010	4,010	3,622	4,010	3,881	4,010	3,881	4,010	4,010	3,881	4,010	3,881	4,010	4,010	3,622	4,010	3,881	4,010
Occupancy %	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%
ADR	\$132.67	\$132.67	\$132.67	\$132.67	\$132.67	\$132.67	\$132.67	\$132.67	\$132.67	\$132.67	\$134.66	\$134.66	\$134.66	\$134.66	\$134.66	\$134.66	\$134.66	\$134.66	\$134.66	\$134.66	\$134.66	\$134.66	\$136.68	\$136.68
REVPAR	\$87.56	\$87.56	\$87.56	\$87.56	\$87.56	\$87.56	\$87.56	\$87.56	\$87.56	\$87.56	\$88.88	\$88.88	\$88.88	\$88.88	\$88.88	\$88.88	\$88.88	\$88.88	\$88.88	\$88.88	\$88.88	\$90.21	\$90.21	\$90.21
REVENUE																								
Rooms	\$515	\$532	\$532	\$515	\$532	\$515	\$532	\$532	\$481	\$532	\$523	\$540	\$523	\$540	\$540	\$523	\$540	\$523	\$540	\$540	\$488	\$540	\$530	\$548
Telecommunications	13	13	13	13	13	13	13	13	12	13	13	13	13	13	13	13	13	13	13	13	12	13	13	14
Food & beverage	193	200	200	193	200	193	200	200	181	200	196	203	196	203	203	196	203	196	203	203	183	203	199	206
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	53	55	55	53	55	53	55	55	49	55	54	55	54	55	55	54	55	54	55	55	50	55	54	56
Total revenue	774	800	800	774	800	774	800	800	722	800	786	812	786	812	812	786	812	786	812	812	733	812	797	824
DEPARTMENTAL EXPENSES																								
Rooms	147	152	152	147	152	147	152	152	137	152	149	154	149	154	154	149	154	149	154	154	139	154	152	157
Telecommunications	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Food & beverage	126	130	130	126	130	126	130	130	117	130	128	132	128	132	132	128	132	128	132	132	119	132	130	134
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	11	11	11	11	11	11	11	11	10	11	11	11	11	11	11	11	11	11	11	11	10	11	11	11
Total departmental expenses	287	297	297	287	297	287	297	297	268	297	292	301	292	301	301	292	301	292	301	301	272	301	296	306
OVERHEAD EXPENSES																								
General & administrative	68	70	70	68	70	68	70	70	64	70	69	71	69	71	71	69	71	69	71	71	65	71	70	73
Operations & maintenance	18	18	18	18	18	18	18	18	17	18	18	19	18	19	19	18	19	18	19	19	17	19	18	19
Utilities	16	17	17	16	17	16	17	17	15	17	16	17	16	17	17	16	17	16	17	17	15	17	17	17
Management fee	31	32	32	31	32	31	32	32	29	32	31	32	31	32	32	31	32	31	32	32	29	32	32	33
Franchise fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing & promotion	48	50	50	48	50	48	50	50	45	50	49	50	49	50	50	49	50	49	50	50	45	50	49	51
Total overhead expenses	181	187	187	181	187	181	187	187	169	187	184	190	184	190	190	184	190	184	190	190	172	190	187	193
GROSS OPERATING PROFIT	305	316	316	305	316	305	316	316	285	316	310	320	310	320	320	310	320	310	320	320	289	320	315	325
FIXED CHARGES																								
Property taxes / licenses / permits	18	18	18	18	18	18	18	18	17	18	18	19	18	19	19	18	19	18	19	19	17	19	18	19
Insurance	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Capital improvements	23	24	24	23	24	23	24	24	22	24	24	24	24	24	24	24	24	24	24	24	22	24	24	25
OPERATING CASH FLOW	257	266	266	257	266	257	266	266	240	266	261	270	261	270	270	261	270	261	270	270	244	270	265	274
ACQUISITION / DEVELOPMENT																								
Site acquisition (purchase price)																								
Due diligence/closing costs																								
Construction -- hard costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development -- soft costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total acquisition / development costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESIDUAL VALUE																								
Gross sale proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selling costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UNLEVERAGED NET CASH FLOW	257	266	266	257	266	257	266	266	240	266	261	270	261	270	270	261	270	261	270	270	244	270	265	274
CONSTRUCTION FINANCING																								
Loan amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing fees																								
Recordation & transfer taxes																								
PERMANENT FINANCING																								
Loan amount																								
Amortization																								
Interest payments	(41)	(41)	(42)	(42)	(42)	(42)	(42)	(43)	(43)	(43)	(43)	(43)	(44)	(44)	(44)	(44)	(45)	(45)	(45)	(45)	(45)	(46)	(46)	(46)
Financing fees	(90)	(90)	(90)	(90)	(90)	(89)	(89)	(89)	(89)	(89)	(88)	(88)	(88)	(88)	(87)	(87)	(87)	(87)	(87)	(86)	(86)	(86)	(86)	(85)
LEVERAGED NET CASH FLOW	126	134	134	126	134	126	134	134	109	134	130	138	130	138	138	130	138	130	138	138	112	138	134	143

INTERNAL RATES OF RETURN	
Unleveraged cash flow	0.0%
Leveraged cash flow	0.0%

NET BUILDING AREA: 196 ROOMS

MONTHLY CASH FLOW PROJECTIONS (\$000) -- HOT

	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143
	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Available rooms	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,488	6,076	5,880	6,076	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,684	6,076	5,880	6,076
Occupied rooms	3,881	4,010	4,010	3,881	4,010	3,881	4,010	4,010	3,622	4,010	3,881	4,010	3,881	4,010	4,010	3,881	4,010	3,881	4,010	4,010	3,751	4,010	3,881	4,010
Occupancy %	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%
ADR	\$136.68	\$136.68	\$136.68	\$136.68	\$136.68	\$136.68	\$136.68	\$136.68	\$136.68	\$136.68	\$138.73	\$138.73	\$138.73	\$138.73	\$138.73	\$138.73	\$138.73	\$138.73	\$138.73	\$138.73	\$138.73	\$140.81	\$140.81	\$140.81
REVPAR	\$90.21	\$90.21	\$90.21	\$90.21	\$90.21	\$90.21	\$90.21	\$90.21	\$90.21	\$90.21	\$91.56	\$91.56	\$91.56	\$91.56	\$91.56	\$91.56	\$91.56	\$91.56	\$91.56	\$91.56	\$91.56	\$92.94	\$92.94	\$92.94
REVENUE																								
Rooms	\$530	\$548	\$548	\$530	\$548	\$530	\$548	\$548	\$495	\$548	\$538	\$556	\$538	\$556	\$556	\$538	\$556	\$538	\$556	\$556	\$520	\$556	\$546	\$565
Telecommunications	13	14	14	13	14	13	14	14	12	14	13	14	13	14	14	13	14	13	14	14	13	14	14	14
Food & beverage	199	206	206	199	206	199	206	206	186	206	202	209	202	209	209	202	209	202	209	209	196	209	205	212
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	54	56	56	54	56	54	56	56	51	56	55	57	55	57	57	55	57	55	57	57	53	57	56	58
Total revenue	797	824	824	797	824	797	824	824	744	824	809	836	809	836	836	809	836	809	836	836	782	836	822	849
DEPARTMENTAL EXPENSES																								
Rooms	152	157	157	152	157	152	157	157	142	157	154	159	154	159	159	154	159	154	159	159	149	159	156	161
Telecommunications	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Food & beverage	130	134	134	130	134	130	134	134	121	134	132	136	132	136	136	132	136	132	136	136	127	136	133	138
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	11	11	11	11	11	11	11	11	10	11	11	11	11	11	11	11	11	11	11	11	11	11	11	12
Total departmental expenses	296	306	306	296	306	296	306	306	276	306	301	311	301	311	311	301	311	301	311	311	291	311	305	315
OVERHEAD EXPENSES																								
General & administrative	70	73	73	70	73	70	73	73	65	73	71	74	71	74	74	71	74	71	74	74	69	74	72	75
Operations & maintenance	18	19	19	18	19	18	19	19	17	19	19	19	19	19	19	19	19	19	19	19	18	19	19	20
Utilities	17	17	17	17	17	17	17	17	16	17	17	18	17	18	18	17	18	17	18	18	16	18	17	18
Management fee	32	33	33	32	33	32	33	33	30	33	32	33	32	33	33	32	33	32	33	33	31	33	33	34
Franchise fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing & promotion	49	51	51	49	51	49	51	51	46	51	50	52	50	52	52	50	52	50	52	52	49	52	51	53
Total overhead expenses	187	193	193	187	193	187	193	193	174	193	189	196	189	196	196	189	196	189	196	196	183	196	192	199
GROSS OPERATING PROFIT	315	325	325	315	325	315	325	325	294	325	319	330	319	330	330	319	330	319	330	330	309	330	324	335
FIXED CHARGES																								
Property taxes / licenses / permits	18	19	19	18	19	18	19	19	17	19	19	19	19	19	19	19	19	19	19	19	18	19	19	20
Insurance	7	7	7	7	7	7	7	7	7	7	7	8	7	8	8	7	8	7	8	8	7	8	7	8
Capital improvements	24	25	25	24	25	24	25	25	22	25	24	25	24	25	25	24	25	24	25	25	23	25	25	25
OPERATING CASH FLOW	265	274	274	265	274	265	274	274	248	274	269	278	269	278	278	269	278	269	278	278	260	278	273	282
ACQUISITION / DEVELOPMENT																								
Site acquisition (purchase price)																								
Due diligence/closing costs																								
Construction -- hard costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development -- soft costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total acquisition / development costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESIDUAL VALUE																								
Gross sale proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selling costs 1.25%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UNLEVERAGED NET CASH FLOW	265	274	274	265	274	265	274	274	248	274	269	278	269	278	278	269	278	269	278	278	260	278	273	282
CONSTRUCTION FINANCING																								
Loan amount 65%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment 71.1134%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest payments 5.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing fees																								
Recordation & transfer taxes																								
PERMANENT FINANCING																								
Loan amount 70%																								
Amortization 25 years	(46)	(47)	(47)	(47)	(47)	(48)	(48)	(48)	(48)	(49)	(49)	(49)	(49)	(50)	(50)	(50)	(50)	(51)	(51)	(51)	(51)	(52)	(52)	(52)
Interest payments 6.00%	(85)	(85)	(85)	(84)	(84)	(84)	(84)	(84)	(83)	(83)	(83)	(83)	(82)	(82)	(82)	(82)	(81)	(81)	(81)	(81)	(80)	(80)	(80)	(80)
Financing fees 2.00%																								
LEVERAGED NET CASH FLOW	134	143	143	134	143	134	143	143	116	143	138	147	138	147	147	138	147	138	147	147	129	147	142	151

INTERNAL RATES OF RETURN	
Unleveraged cash flow	0.0%
Leveraged cash flow	0.0%

NET BUILDING AREA: 196 ROOMS

MONTHLY CASH FLOW PROJECTIONS (\$000) -- HOT

	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167
	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Available rooms	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,488	6,076	5,880	6,076	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,488	6,076	5,880	6,076
Occupied rooms	3,881	4,010	4,010	3,881	4,010	3,881	4,010	4,010	3,622	4,010	3,881	4,010	3,881	4,010	4,010	3,881	4,010	3,881	4,010	4,010	3,622	4,010	3,881	4,010
Occupancy %	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%
ADR	\$140.81	\$140.81	\$140.81	\$140.81	\$140.81	\$140.81	\$140.81	\$140.81	\$140.81	\$140.81	\$142.92	\$142.92	\$142.92	\$142.92	\$142.92	\$142.92	\$142.92	\$142.92	\$142.92	\$142.92	\$142.92	\$142.92	\$145.07	\$145.07
REVPAR	\$92.94	\$92.94	\$92.94	\$92.94	\$92.94	\$92.94	\$92.94	\$92.94	\$92.94	\$92.94	\$94.33	\$94.33	\$94.33	\$94.33	\$94.33	\$94.33	\$94.33	\$94.33	\$94.33	\$94.33	\$94.33	\$95.74	\$95.74	\$95.74
REVENUE																								
Rooms	\$546	\$565	\$565	\$546	\$565	\$546	\$565	\$565	\$510	\$565	\$555	\$573	\$555	\$573	\$573	\$555	\$573	\$555	\$573	\$573	\$518	\$573	\$563	\$582
Telecommunications	14	14	14	14	14	14	14	14	13	14	14	14	14	14	14	14	14	14	14	14	13	14	14	15
Food & beverage	205	212	212	205	212	205	212	212	192	212	208	215	208	215	215	208	215	208	215	215	195	215	212	219
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	56	58	58	56	58	56	58	58	52	58	57	59	57	59	59	57	59	57	59	59	53	59	58	60
Total revenue	822	849	849	822	849	822	849	849	767	849	834	862	834	862	862	834	862	834	862	862	778	862	846	875
DEPARTMENTAL EXPENSES																								
Rooms	156	161	161	156	161	156	161	161	146	161	159	164	159	164	164	159	164	159	164	164	148	164	161	166
Telecommunications	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Food & beverage	133	138	138	133	138	133	138	138	125	138	135	140	135	140	140	135	140	135	140	140	126	140	138	142
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	11	12	12	11	12	11	12	12	10	12	11	12	11	12	12	11	12	11	12	12	11	12	12	12
Total departmental expenses	305	315	315	305	315	305	315	315	285	315	310	320	310	320	320	310	320	310	320	320	289	320	314	325
OVERHEAD EXPENSES																								
General & administrative	72	75	75	72	75	72	75	75	67	75	73	76	73	76	76	73	76	73	76	76	68	76	74	77
Operations & maintenance	19	20	20	19	20	19	20	20	18	20	19	20	19	20	20	19	20	19	20	20	18	20	19	20
Utilities	17	18	18	17	18	17	18	18	16	18	18	18	18	18	18	18	18	18	18	18	16	18	18	18
Management fee	33	34	34	33	34	33	34	34	31	34	33	34	33	34	34	33	34	33	34	34	31	34	34	35
Franchise fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing & promotion	51	53	53	51	53	51	53	53	48	53	52	53	52	53	53	52	53	52	53	53	48	53	52	54
Total overhead expenses	192	199	199	192	199	192	199	199	179	199	195	202	195	202	202	195	202	195	202	202	182	202	198	205
GROSS OPERATING PROFIT	324	335	335	324	335	324	335	335	303	335	329	340	329	340	340	329	340	329	340	340	307	340	334	345
FIXED CHARGES																								
Property taxes / licenses / permits	19	20	20	19	20	19	20	20	18	20	19	20	19	20	20	19	20	19	20	20	18	20	19	20
Insurance	7	8	8	7	8	7	8	8	7	8	8	8	8	8	8	8	8	8	8	8	7	8	8	8
Capital improvements	25	25	25	25	25	25	25	25	23	25	25	26	25	26	26	25	26	25	26	26	23	26	25	26
OPERATING CASH FLOW	273	282	282	273	282	273	282	282	255	282	277	287	277	287	287	277	287	277	287	287	259	287	282	291
ACQUISITION / DEVELOPMENT																								
Site acquisition (purchase price)																								
Due diligence/closing costs																								
Construction -- hard costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development -- soft costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total acquisition / development costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESIDUAL VALUE																								
Gross sale proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33,784	0	0
Selling costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(422)	0	0
UNLEVERAGED NET CASH FLOW	273	282	282	273	282	273	282	282	255	282	277	287	277	287	287	277	287	277	287	287	259	33,648	0	0
CONSTRUCTION FINANCING																								
Loan amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing fees																								
Recordation & transfer taxes																								
PERMANENT FINANCING																								
Loan amount																						(15,166)		
Amortization																								
Interest payments	(52)	(53)	(53)	(53)	(53)	(54)	(54)	(54)	(54)	(55)	(55)	(55)	(56)	(56)	(56)	(56)	(57)	(57)	(57)	(57)	(58)	(58)		
Financing fees	(79)	(79)	(79)	(78)	(78)	(78)	(78)	(77)	(77)	(77)	(77)	(76)	(76)	(76)	(76)	(75)	(75)	(75)	(74)	(74)	(74)	(74)		
LEVERAGED NET CASH FLOW	142	151	151	142	151	142	151	151	123	151	146	155	146	155	155	146	155	146	155	155	127	18,351	0	0

INTERNAL RATES OF RETURN	
Unleveraged cash flow	0.0%
Leveraged cash flow	0.0%

NET BUILDING AREA: 196 ROOMS



MONTHLY CASH FLOW PROJECTIONS (\$000) -- HOT														08-May-12
														06:57 PM
	168	169	170	171	172	173	174	175	176	177	178	179	180	TOTAL
	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	
Available rooms	5,880	6,076	6,076	5,880	6,076	5,880	6,076	6,076	5,488	6,076	5,880	6,076	5,880	--
Occupied rooms	3,881	4,010	4,010	3,881	4,010	3,881	4,010	4,010	3,622	4,010	3,881	4,010	3,881	--
Occupancy %	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	--
ADR	\$145.07	\$145.07	\$145.07	\$145.07	\$145.07	\$145.07	\$145.07	\$145.07	\$145.07	\$145.07	\$147.24	\$147.24	\$147.24	--
REVPAR	\$95.74	\$95.74	\$95.74	\$95.74	\$95.74	\$95.74	\$95.74	\$95.74	\$95.74	\$95.74	\$97.18	\$97.18	\$97.18	--
REVENUE														
Rooms	\$563	\$582	\$582	\$563	\$582	\$563	\$582	\$582	\$525	\$582	\$571	\$590	\$571	\$71,516
Telecommunications	14	15	15	14	15	14	15	15	13	15	14	15	14	1,802
Food & beverage	212	219	219	212	219	212	219	219	197	219	215	222	215	26,903
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	58	60	60	58	60	58	60	60	54	60	59	61	59	7,393
Total revenue	846	875	875	846	875	846	875	875	790	875	859	888	859	107,615
DEPARTMENTAL EXPENSES														
Rooms	161	166	166	161	166	161	166	166	150	166	163	169	163	20,598
Telecommunications	4	4	4	4	4	4	4	4	4	4	4	4	4	541
Food & beverage	138	142	142	138	142	138	142	142	128	142	140	144	140	17,487
Garage	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	12	12	12	12	12	12	12	12	11	12	12	12	12	1,479
Total departmental expenses	314	325	325	314	325	314	325	325	293	325	319	330	319	40,105
OVERHEAD EXPENSES														
General & administrative	74	77	77	74	77	74	77	77	70	77	76	78	76	9,566
Operations & maintenance	19	20	20	19	20	19	20	20	18	20	20	20	20	2,510
Utilities	18	18	18	18	18	18	18	18	17	18	18	19	18	2,295
Management fee	34	35	35	34	35	34	35	35	32	35	34	36	34	4,305
Franchise fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing & promotion	52	54	54	52	54	52	54	54	49	54	53	55	53	6,759
Total overhead expenses	198	205	205	198	205	198	205	205	185	205	201	208	201	25,435
GROSS OPERATING PROFIT														
	334	345	345	334	345	334	345	345	312	345	339	350	339	42,075
FIXED CHARGES														
Property taxes / licenses / permits	19	20	20	19	20	19	20	20	18	20	20	20	20	2,510
Insurance	8	8	8	8	8	8	8	8	7	8	8	8	8	995
Capital improvements	25	26	26	25	26	25	26	26	24	26	26	27	26	3,053
OPERATING CASH FLOW														
	282	291	291	282	291	282	291	291	263	291	286	295	286	35,518
ACQUISITION / DEVELOPMENT														
Site acquisition (purchase price)														(2,120)
Due diligence/closing costs														0
Construction -- hard costs	0	0	0	0	0	0	0	0	0	0	0	0	0	(19,856)
Development -- soft costs	0	0	0	0	0	0	0	0	0	0	0	0	0	(4,884)
Total acquisition / development costs	0	0	0	0	0	0	0	0	0	0	0	0	0	(26,861)
RESIDUAL VALUE														
Gross sale proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	33,784
Selling costs	0	0	0	0	0	0	0	0	0	0	0	0	0	(422)
UNLEVERAGED NET CASH FLOW														
	0	0	0	0	0	0	0	0	0	0	0	0	0	37,727
CONSTRUCTION FINANCING														
Loan amount	0	0	0	0	0	0	0	0	0	0	0	0	0	19,835
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	(19,835)
Interest payments	0	0	0	0	0	0	0	0	0	0	0	0	0	(747)
Financing fees														(230)
Recordation & transfer taxes														(54)
PERMANENT FINANCING														
Loan amount														5,257
Amortization														(5,257)
Interest payments														(10,533)
Financing fees														(408)
LEVERAGED NET CASH FLOW														
	0	0	0	0	0	0	0	0	0	0	0	0	0	25,754
INTERNAL RATES OF RETURN														
Unleveraged cash flow														0.0%
Leveraged cash flow														0.0%
NET BUILDING AREA: 196 ROOMS														

DEVELOPMENT COST TIMELINE		DO NOT ERASE THIS COLUMN							For the month ending
HOTEL DEVELOPMENT		0	1	2	3	4	5	6	7
		Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
<b>SITE ACQUISITION</b>									
Purchase price	2,000,000								
Closing costs & fees	120,000								
Subtotal -- site acquisition	2,120,000	-	-	-	-	-	-	-	-
<b>HARD COSTS</b>									
Site development/demolition	2,015,000								
Underground parking construction	-						-	-	-
Base building construction	13,192,834								
Furniture, fixtures & equipment	2,156,000								
General conditions & fee	1,368,705	-	-	-	-	-	-	-	-
Hard cost contingency	1,123,952	-	-	-	-	-	-	-	-
Subtotal -- hard costs	19,856,492	-	-	-	-	-	-	-	-
<b>SOFT COSTS</b>									
Architectural & engineering fees	1,239,034								
Surveys, testing & inspections	58,800								
Permits, licenses, fees & bonds	343,000								
Appraisals and inspections	31,360								
Insurance and title	29,400								
Property taxes	35,000								
Legal and accounting	178,164								
Pre-opening/marketing costs	686,000								
Moving & related costs	-		-	-	-	-	-	-	-
Community benefits	1,000,000								
Development fee	989,635		-						
Soft cost contingency	294,000	-	-						
Subtotal -- soft costs	4,884,394	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>26,860,886</b>	-	-	-	-	-	-	-	-

9,039,096

[illegible]

					For the month ending						
20	21	22	23	24	25	26	27	28	29	30	31
Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
-	-	-	-	-	-	-	-	-	-	-	-
		671,667	671,667	671,667							
					329,821	329,821	461,749	461,749	659,642	659,642	659,642
-	-	60,450	60,450	60,450	29,684	29,684	41,557	41,557	59,368	59,368	59,368
-	-	43,927	43,927	43,927	21,570	21,570	30,198	30,198	43,141	43,141	43,141
-	-	776,044	776,044	776,044	381,075	381,075	533,505	533,505	762,150	762,150	762,150
20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651
2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250
1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120
1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363
24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500
-	-	-	-	-	-	-	-	-	-	-	-
41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667
5,000	5,000	37,336	37,336	37,336	20,879	20,879	27,230	27,230	36,757	36,757	36,757
9,059	9,059	9,059	9,059	9,059	9,059	9,059	9,059	9,059	9,059	9,059	9,059
125,010	125,010	157,345	157,345	157,345	140,888	140,888	147,239	147,239	156,766	156,766	156,766
125,010	125,010	933,388	933,388	933,388	521,963	521,963	680,744	680,744	918,916	918,916	918,916
PDP	PDP	PDP	PDP	PDP	PDP	CP	CP	CP	CP	CP	CP

					For the month ending						
32	33	34	35	36	37	38	39	40	41	42	43
Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
-	-	-	-	-	-	-	-	-	-	-	-
659,642	989,463	1,319,283	1,319,283	989,463	659,642	659,642	659,642	329,821	329,821	400,000	400,000
						359,333	359,333	359,333	359,333	359,333	359,333
59,368	89,052	118,736	118,736	89,052	59,368	59,368	59,368	29,684	29,684	36,000	36,000
43,141	64,711	86,281	86,281	64,711	43,141	64,701	64,701	43,130	43,130	47,720	47,720
762,150	1,143,225	1,524,300	1,524,300	1,143,225	762,150	1,143,043	1,143,043	761,968	761,968	843,053	843,053
20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651	20,651
2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250
1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120
1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363	6,363
24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500
-	-	-	-	-	-	-	-	-	-	-	-
41,667	41,667	41,667	41,667	41,667	34,879	50,749	50,749	34,871	34,871	38,250	35,127
36,757	52,635	68,513	68,513	52,635	5,657	5,657	5,657	5,657	5,657	5,657	-
9,059	9,059	9,059	9,059	9,059	109,819	125,690	125,690	109,812	109,812	113,190	35,127
156,766	172,644	188,522	188,522	172,644	871,969	1,268,733	1,268,733	871,780	871,780	956,244	878,181
918,916	1,315,869	1,712,822	1,712,822	1,315,869	CP	CP	CP	CP	CP	CP	CP





g					
56	57	58	59	60	
Feb-17	Mar-17	Apr-17	May-17	Jun-17	TOTAL
					2,000,000
					120,000
					2,120,000
-	-	-	-	-	2,015,000
					-
					13,192,834
					2,156,000
-	-	-	-	-	1,368,705
-	-	-	-	-	1,123,952
-	-	-	-	-	19,856,491
					1,239,034
					58,800
					343,000
					31,360
					29,400
					35,000
					178,164
					686,000
-	-	-	-	-	-
					1,000,000
-	-	-	-	-	989,635
-	-	-	-	-	294,000
-	-	-	-	-	4,884,394
-	-	-	-	-	26,860,885
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**HOTEL DEVELOPMENT  
DEVELOPMENT COST TIMELINE**

	0	1	2	3	4	5	6	7	8	9	10
	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
<b>TOTAL LAND COST</b>	0	0	0	0	0	2,000,000	0	0	0	0	0
<b>HARD COSTS</b>											
Site development	0	0	0	0	0	0	0	0	2,015,000	0	0
Garage/parking construction	0	0	0	0	0	0	0	0	0	0	0
Base building construction	0	0	0	0	0	0	0	0	0	1,121,391	1,781,033
Furnitures, fixtures & equip.	0	0	0	0	0	0	0	0	0	0	0
General conditions and fee	0	0	0	0	0	0	0	0	181,350	100,925	160,293
Hard cost contingency	0	0	0	0	0	0	0	0	131,781	73,339	116,480
Subtotal -- hard costs	0	0	0	0	0	0	0	0	2,328,131	1,295,655	2,057,805
<b>SOFT COSTS BEFORE FINANCING</b>											
Architectural & engineering fees	0	0	0	0	0	297,368	446,052	61,952	61,952	61,952	61,952
Surveys, testing & inspections	0	0	0	0	0	2,100	6,300	6,300	6,300	6,300	6,300
Permits, licenses, fees & bonds	0	0	0	0	0	12,250	36,750	36,750	36,750	36,750	36,750
Appraisals and inspections	0	0	0	0	0	1,120	3,360	3,360	3,360	3,360	3,360
Insurance and title	0	0	0	0	0	1,050	3,150	3,150	3,150	3,150	3,150
Property taxes	0	0	0	0	0	1,250	3,750	3,750	3,750	3,750	3,750
Legal and accounting	0	0	0	0	0	6,363	19,089	19,089	19,089	19,089	19,089
Marketing costs	0	0	0	0	0	24,500	73,500	73,500	73,500	73,500	73,500
Moving & related costs	0	0	0	0	0	0	0	0	0	0	0
Community benefits	0	0	0	0	0	125,000	125,000	125,000	125,000	125,000	125,000
Development fee	0	0	0	0	0	21,227	32,312	15,001	112,007	68,987	100,743
Soft cost contingency	0	0	0	0	0	38,457	58,539	27,177	27,177	27,177	27,177
Subtotal -- soft costs before financing	0	0	0	0	0	530,686	807,802	375,029	472,034	429,015	460,771
<b>TOTAL COSTS BEFORE FINANCING</b>	0	0	0	0	0	2,650,686	807,802	375,029	2,800,165	1,724,670	2,518,576
<b>FINANCING COSTS (CONSTRUCTION)</b>											
Financing fees	230,000	0	0	0	0	0	0	0	0	0	0
Recordation and transfer taxes	53,722	0	0	0	0	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0	0	0	0	0	16,857
Subtotal -- financing costs	283,722	0	0	0	0	0	0	0	0	0	16,857
<b>FINANCING COSTS (OPERATING HOLD)</b>											
Hotel operating income	0	0	0	0	0	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0	0	0	0	0	0
Subtotal -- financing costs	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL DEVELOPMENT COSTS</b>	283,722	0	0	0	0	2,650,686	807,802	375,029	2,800,165	1,724,670	2,535,432

**HOTEL DEVELOPMENT  
DEVELOPMENT COST TIMELINE**

06:57 PM

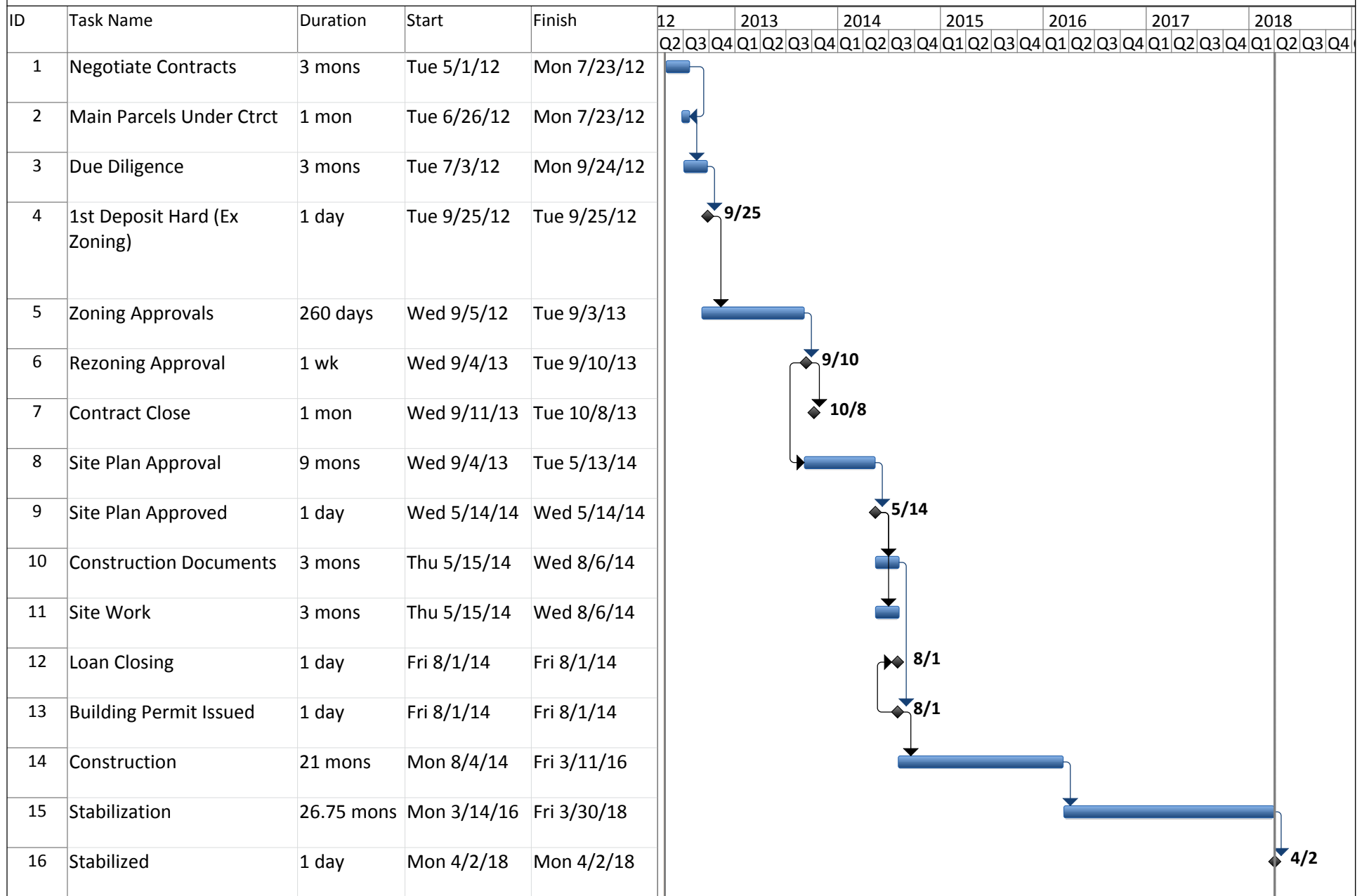
	11 Mar-15	12 Jun-15	13 Sep-15	14 Dec-15	15 Mar-16	16 Jun-16	17 Sep-16	18 Dec-16	19 Mar-17	20 Jun-17	TOTAL
<b>TOTAL LAND COST</b>	0	0	0	0	0	0	0	0	0	0	2,000,000
<b>HARD COSTS</b>											
Site development	0	0	0	0	0	0	0	0	0	0	2,015,000
Garage/parking construction	0	0	0	0	0	0	0	0	0	0	0
Base building construction	2,308,746	3,628,029	1,978,925	1,059,642	1,315,068	0	0	0	0	0	13,192,834
Furnitures, fixtures & equip.	0	0	718,667	1,078,000	359,333	0	0	0	0	0	2,156,000
General conditions and fee	207,787	326,523	178,103	95,368	118,356	0	0	0	0	0	1,368,705
Hard cost contingency	150,992	237,273	172,542	133,981	107,565	0	0	0	0	0	1,123,952
Subtotal -- hard costs	2,667,525	4,191,825	3,048,237	2,366,990	1,900,323	0	0	0	0	0	19,856,491
<b>SOFT COSTS BEFORE FINANCING</b>											
Architectural & engineering fees	61,952	61,952	61,952	61,952	0	0	0	0	0	0	1,239,034
Surveys, testing & inspections	6,300	6,300	6,300	6,300	0	0	0	0	0	0	58,800
Permits, licenses, fees & bonds	36,750	36,750	36,750	36,750	0	0	0	0	0	0	343,000
Appraisals and inspections	3,360	3,360	3,360	3,360	0	0	0	0	0	0	31,360
Insurance and title	3,150	3,150	3,150	3,150	0	0	0	0	0	0	29,400
Property taxes	3,750	3,750	3,750	3,750	0	0	0	0	0	0	35,000
Legal and accounting	19,089	19,089	19,089	19,089	0	0	0	0	0	0	178,164
Marketing costs	73,500	73,500	73,500	73,500	0	0	0	0	0	0	686,000
Moving & related costs	0	0	0	0	0	0	0	0	0	0	0
Community benefits	125,000	125,000	0	0	0	0	0	0	0	0	1,000,000
Development fee	126,148	189,661	136,377	107,992	79,180	0	0	0	0	0	989,635
Soft cost contingency	27,177	27,177	16,971	16,971	0	0	0	0	0	0	294,000
Subtotal -- soft costs before financing	486,176	549,688	361,199	332,814	79,180	0	0	0	0	0	4,884,394
<b>TOTAL COSTS BEFORE FINANCING</b>	3,153,701	4,741,514	3,409,436	2,699,804	1,979,503	0	0	0	0	0	26,860,885
<b>FINANCING COSTS (CONSTRUCTION)</b>											
Financing fees	0	0	0	0	0	0	0	0	0	0	230,000
Recordation and transfer taxes	0	0	0	0	0	0	0	0	0	0	53,722
Interest payments	50,671	100,830	152,740	195,797	230,570	0	0	0	0	0	747,464
Subtotal -- financing costs	50,671	100,830	152,740	195,797	230,570	0	0	0	0	0	1,031,186
<b>FINANCING COSTS (OPERATING HOLD)</b>											
Hotel operating income	0	0	0	0	0	(654,659)	(661,853)	(661,853)	(647,465)	(733,501)	(3,359,331)
Interest payments	0	0	0	0	0	298,042	296,583	295,103	293,601	292,076	1,475,406
Subtotal -- financing costs	0	0	0	0	0	(356,617)	(365,270)	(366,750)	(353,864)	(441,425)	(1,883,925)
<b>TOTAL DEVELOPMENT COSTS</b>	3,204,372	4,842,343	3,562,176	2,895,601	2,210,073	(356,617)	(365,270)	(366,750)	(353,864)	(441,425)	26,008,146

# **Appendix A.3**

## **Development Schedules**

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Hotel Development Timeline  
124,000 GSF, 168, key, 7 Steel-framed




















**Multifamily Development Timeline**  
255 Units, 5 story wood-framed

ID	Task Name	Duration	Start	Finish	2012			2013				2014				2015				2016				2017	
					Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	Negotiate Contracts	3 mons	Tue 5/1/12	Mon 7/23/12	<pre>graph TD     1[Negotiate Contracts] --&gt; 2[Main Parcels Under Ctrct]     2 --&gt; 3[Due Diligence]     3 --&gt; 4[1st Deposit Hard (Ex Zoning)]     4 --&gt; 5[Zoning Approvals]     5 --&gt; 6[Rezoning Approval]     6 --&gt; 7[Contract Close]     7 --&gt; 8[Site Plan Approval]     8 --&gt; 9[Site Plan Approved]     9 --&gt; 10[Construction Documents]     10 --&gt; 11[Site Work]     11 --&gt; 12[Loan Closing]     12 --&gt; 13[Building Permit Issued]     13 --&gt; 14[Construction]     14 --&gt; 15[1st Unit Turnover]     15 --&gt; 16[Lease Up]     16 --&gt; 17[Stabilization]</pre>																				
2	Main Parcels Under Ctrct	1 mon	Tue 6/26/12	Mon 7/23/12																					
3	Due Diligence	3 mons	Tue 7/3/12	Mon 9/24/12																					
4	1st Deposit Hard (Ex Zoning)	1 day	Tue 9/25/12	Tue 9/25/12																					
5	Zoning Approvals	260 days	Wed 9/5/12	Tue 9/3/13																					
6	Rezoning Approval	1 wk	Wed 9/4/13	Tue 9/10/13																					
7	Contract Close	1 mon	Wed 9/11/13	Tue 10/8/13																					
8	Site Plan Approval	9 mons	Wed 9/4/13	Tue 5/13/14																					
9	Site Plan Approved	1 day	Wed 5/14/14	Wed 5/14/14																					
10	Construction Documents	3 mons	Thu 5/15/14	Wed 8/6/14																					
11	Site Work	3 mons	Thu 5/15/14	Wed 8/6/14																					
12	Loan Closing	1 day	Fri 8/1/14	Fri 8/1/14																					
13	Building Permit Issued	1 day	Fri 8/1/14	Fri 8/1/14																					
14	Construction	15 mons	Mon 8/4/14	Fri 9/25/15																					
15	1st Unit Turnover	1 wk	Mon 7/6/15	Fri 7/10/15																					
16	Lease Up	21 mons	Mon 4/20/15	Fri 11/25/16																					
17	Stabilization	1 mon	Mon 10/31/16	Fri 11/25/16																					



ID		Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names	Half 2, 2012							
									A	M	J	J	A	S	O	
1			Site Work	60 days	Thu 5/15/14	Wed 8/6/14										
2			Concrete	70 days	Mon 8/4/14	Fri 11/7/14										
3			Masonry	125 days	Mon 8/18/14	Fri 2/6/15	2SS+10 days									
4			Framing/Roofing	195 days	Mon 9/1/14	Fri 5/29/15	2SS+20 days									
5			Plumbing	190 days	Mon 9/29/14	Fri 6/19/15	4SS+20 days									
6			Electrical	190 days	Mon 10/13/14	Fri 7/3/15	4SS+30 days									
7			Mechanical	190 days	Mon 10/13/14	Fri 7/3/15	4SS+30 days									
8			Siding	170 days	Mon 10/13/14	Fri 6/5/15	4SS+30 days									
9			Elevators	180 days	Mon 11/3/14	Fri 7/10/15	4SS+45 days									
10			Interior Finishes	203 days	Mon 11/10/14	Wed 8/19/15	8SS+20 days									
11			Landscaping	60 days	Mon 2/23/15	Fri 5/15/15	8FS-75 days									
12			Parking Lot	30 days	Mon 5/18/15	Fri 6/26/15	11									
13			Initial Inspections/CoO	10 days	Mon 6/29/15	Fri 7/10/15	10FS-38 days									
14			Final Inspections	10 days	Thu 8/6/15	Wed 8/19/15	10FF									
15			Punchlist	25 days	Thu 8/20/15	Wed 9/23/15	14									
16			Final Certificate of Occupancy	5 days	Mon 9/21/15	Fri 9/25/15	15FF+2 days									

Project: Construction Schedule Date: Wed 4/25/12	Task		External Milestone		Manual Summary Rollup	
	Split		Inactive Task		Manual Summary	
	Milestone		Inactive Milestone		Start-only	
	Summary		Inactive Summary		Finish-only	
	Project Summary		Manual Task		Deadline	
	External Tasks		Duration-only		Progress	